

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, NOVEMBER 26, 1931

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NATIONAL GUARANTEE & FINANCE CO. **PREMIUM BUDGET PLAN**

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National Guarantee & Finance Company

306 Yuster Bldg.

JOHN E. DAVIS
President

Columbus, Ohio

Please send me complete details of your PREMIUM BUDGET PLAN

Agent _____ State _____ City _____

LOUISVILLE

Racing ahead...



FOUNDED in 1779 by General George Rogers Clark, as his base of supplies for the redemption of the Northwest Territory from British Rule, Louisville may well be called the Mother City of the Middle West. But the important part played by Louisville in the Westward movement of American civilization toward the shores of the Pacific and the present day utilization of its natural advantages are sometimes dimmed by the romantic glamor of the famous Kentucky Derby.

Louisville of today is racing ahead. Its impressive growth since the World War is the best evidence of what has taken place. Millions of dollars that were once invested in the distilling industry have been released for other lines. The United States Census of Manufactures shows that Louisville is the most important industrial center south of the Ohio and the Potomac rivers.

Strategically located on one of the great inland waterways of the country Louisville is less than 100 miles southeast of the center of population of the United States.



At her front door is the greatest developed hydroelectric power source in the Ohio Valley. To the East are the rich coal fields of Eastern Kentucky, West Virginia, Western Kentucky and Southern Indiana. Productive petroleum fields of Western and Eastern Kentucky also contribute a steady flow of wealth. To the North, are the corn and wheat producing areas of the country; to the South, the cotton and tobacco areas. Diversity of crops, power, fuel supply and diversity of transportation facilities firmly establish the economic stability of this city. Louisville is racing ahead.

Because of its central location, its domination of the territory, and the rich future that lies before it, Louisville has been selected by Union Indemnity Company as the home of its Kentucky Service Branch. This office is another Key City in that great nationwide net work of branches established by Union Indemnity Company in the interest of efficient service to its many thousands of agents from Coast to Coast.

Union Indemnity Company

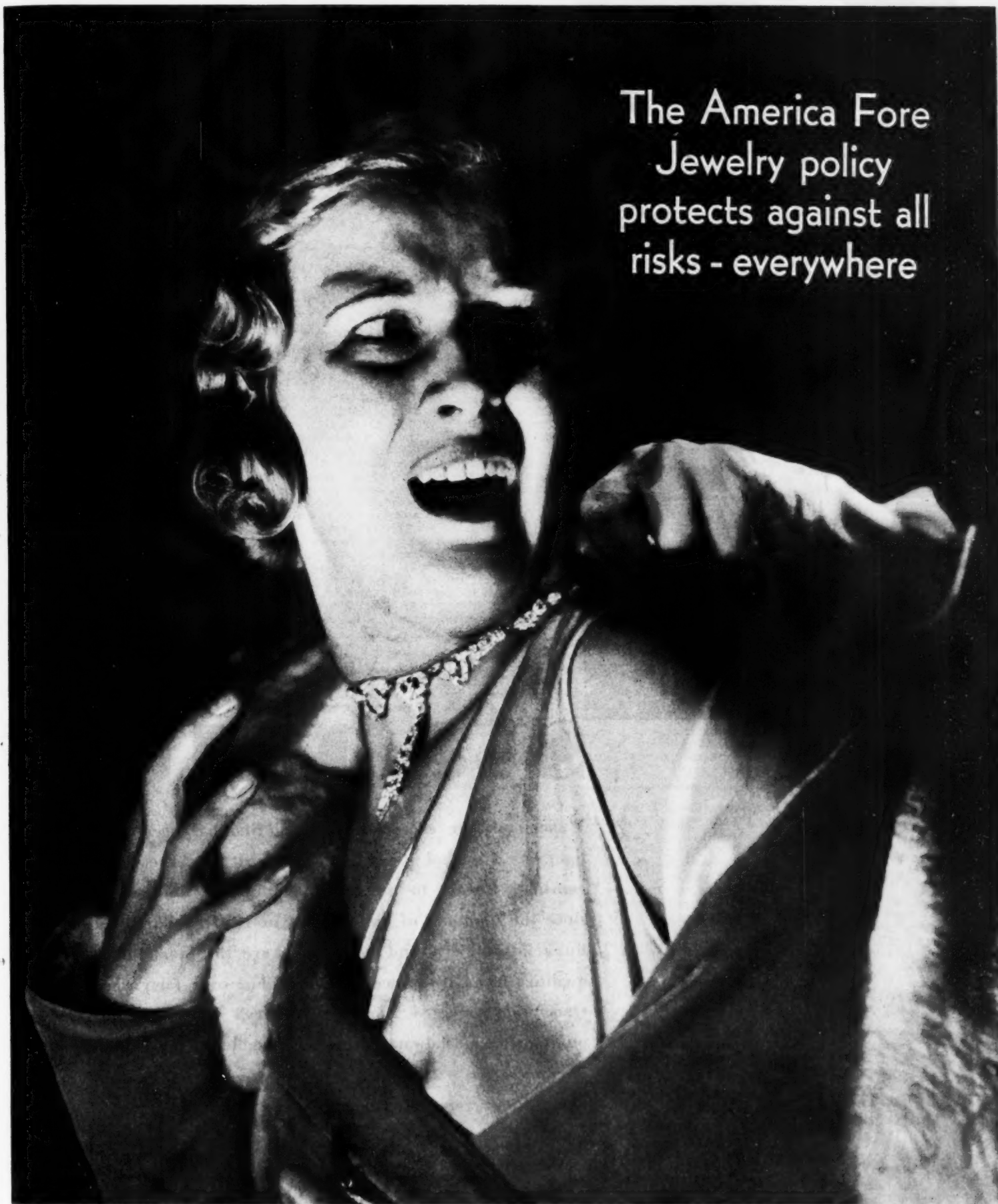
A DIVISION OF INSURANCE SECURITIES COMPANY, INC.



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EXECUTIVE OFFICES: UNION INDEMNITY BUILDING, NEW ORLEANS

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Jewelry policy
protects against all
risks - everywhere

The AMERICA FORE GROUP of Insurance Companies

THE CONTINENTAL INSURANCE COMPANY FIDELITY-PHENIX FIRE INSURANCE COMPANY NIAGARA FIRE INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY FIRST AMERICAN FIRE INSURANCE COMPANY MARYLAND INSURANCE COMPANY OF DELAWARE

Eighty Maiden Lane,

THE FIDELITY AND CASUALTY COMPANY
ERNEST STURM, Chairman of the Board
PAUL L. HAID, President
ERNEST STURM, Chairman of the Board
WADE FETZER, Vice Chairman
PAUL L. HAID, President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



stability

Throughout the centuries the North Star has been a guiding light. As a symbol it may well represent what the Queen has constantly meant to the insuring public in time of disaster since the founding of the company in 1891. Today, as always, financial stability and good faith are the most looked-for qualities in an insurance company. For over forty years the Queen has emerged from the country's worst fires high in public esteem, stalwart, stable . . . stable as the North Star.



Capital \$5,000,000
150 William St., New York

QUEEN

INSURANCE CO.
of AMERICA

The National Underwriter

Thirty-Fifth Year No. 48

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, NOVEMBER 26, 1931

\$4.00 Per Year, 20 Cents a Copy

Chicago Agents Make a Protest

Object to the New Theft Rates to
Apply to Metropolitan
Area

POSITION IS OUTLINED

Declare That Fleet and Finance Rates
Are the Most Disturbing
Factors Today

The Chicago Insurance Agents Association members are protesting to their companies that are members of the National Automobile Underwriters Association regarding the new regulations to apply to automobile theft insurance in the Chicago metropolitan district Dec. 1.

As already announced, the western advisory committee made two suggestions. First, that a 75 percent loss clause be used where a car is not parked in a regular private or public garage and secondly, that there be complete elimination of equipment from loss by theft with the privilege of buying back the extra equipment coverage at specific additional premium.

Agents Report Filed

When the western advisory committee began agitating further restrictions owing to the increasing theft loss ratio in the city the executive committee of the agents' association met with the advisory committee. A special committee of the agents' association was appointed to canvass the situation and filed its report with the western people. The western committee suggested the 25 percent deductible clause where an automobile was parked on the street and not kept in a garage. The agents' committee objected to this, stating that after an investigation its members felt that the cars which were parked on the street without regular garage facilities are those insured through a finance company but that cars fully paid for are not showing any higher theft loss ratio. Secondly, the committee declared that when the colder season came there would be a smaller number of machines parked on streets. In the third place, the committee took the position that the endorsement would engender difficulties of interpretation and would be impractical when it came to be applied.

Elimination of Parts

As to the elimination of parts and equipment from the coverage the agents' committee stated that in the spring of this year the companies reduced fire and theft rates, in many cases ranging from 33 to 50 percent, promulgated new rates and eliminated the equipment charge, this being done over the protest of the local agents, who did not see the necessity of the action.

The committee called attention to the fact that the automobile underwriters' association bases its rates on a 12 months' experience period running from

U.S. High Court Upholds Process of Arbitration

The requirement that disputes as to the amount of loss under a fire insurance policy be submitted to arbitrators cannot be deemed to be a denial of either due process or equal protection of the laws, the United States Supreme Court has decided in the Hardware Dealers Mutual Fire of Wisconsin vs. Glidden Company et al. The appeal was from the Minnesota supreme court.

After the loss, the insured appointed an arbitrator and demanded of the Hardware Dealers Mutual that the amount be determined by arbitration as provided by the policies. The insurer refused to participate in the arbitration and the insured, in accordance with the arbitration clause, procured the appointment of an umpire to act with the arbitrator designated by the insured. The arbitrator and umpire thus selected proceeded to determine the amount of the loss and made their award accordingly.

Cites 14th Amendment

The Hardware Dealers contended that so much of the statutes of Minnesota as require the use of the arbitration provisions of the standard policy infringes the due process and equal protection clauses of the 14th amendment. The Minnesota supreme court ruled that the authority of the arbitrators did not extend to a determination of the liability of the policy, which was a judicial question, reserved to the court, but that their decision as to the amount of the loss is conclusive upon the parties unless grossly excessive or inadequate.

Present Statute

The United States Supreme Court declared that the right to make contracts embraced in the concept of liberty guaranteed by the 14th amendment is not unlimited. Liberty implies only freedom from arbitrary restraint, not immunity from reasonable regulations and prohibitions imposed in the interest of the community. Hence, legislation otherwise within the scope of acknowledged state power, not unreasonably, or arbitrarily exercised, cannot be condemned because it curtails the power of the individual to contract.

The present statute substitutes a determination by arbitration for trial in court of the single issue of the amount of loss suffered under a fire policy. As

the Hardware Dealers' objection to it is directed specifically to the power of the state to substitute the one remedy for the other, rather than to the constitutionality of the particular procedure, it suffices to say that the procedure by which rights may be enforced and wrongs remedied is peculiarly a subject of state regulation and control. The 14th amendment neither implies that all trials must be by jury, or guarantees any particular form or method of state procedure.

In the Public Interest

In the exercise of that power and to satisfy a public need, a state may choose the remedy best adapted, in the legislative judgment, to protect the interests concerned, provided its choice is not unreasonable or arbitrary, and the procedure it adopts satisfies the constitutional requirements of reasonable notice and opportunity to be heard.

"We cannot assume," the supreme court continued, "that the Minnesota legislature did not have knowledge of conditions supporting its judgment that the legislation was in the public interest, and it is enough that, when the statute is read in the light of circumstances generally known to attend the recovery of fire insurance losses, the possibility of a rational basis for the legislative judgment is not excluded."

Loss Provokes Controversy

"Without the aid of the presumption, we know that the arbitration clause has long been voluntarily inserted by insurers in fire policies, and we share in the common knowledge that the amount of loss is a fruitful and often the only subject of controversy between insured and insurers; that speedy determination of the policy liability such as may be secured by arbitration of this issue was a matter of wide concern; that in the appraisal of the loss by arbitration, expert knowledge and prompt inspection of the damaged property may be availed of to an extent not ordinarily possible in the course of the more deliberate practices of a judicial proceeding. Considerations are sufficient to support the exercise of the legislative judgment in requiring a more summary method of determining the amount of loss than that afforded by judicial forms."

September to September. These figures are now being assembled and analyzed for the use of the staff committee in compiling 1932 rates. Therefore the local agents in Chicago objected to the promulgation of new rates in their city alone at this time before the experience had been studied. The agents' committee assured the company committee that the Chicago Insurance Agents Association would give full cooperation provided that any revision in rates and rules would be deferred until the 1932 rates were promulgated.

The executive committee in its letter to members says: "Having had absolutely no recognition from the automobile conference in connection with our recommendation, we believe that you are justified in making a most vigorous

protest to your companies against the adoption of any changes in form or rates until such time as some constructive and workable plan has been devised which meets with the approval of your association."

Outside Competition Is Sharp

The local agents feel that the companies have not used good judgment in making these revisions at this particular time, owing to the very serious competition that they have from non-conference companies, especially the Insurance Exchange of the Chicago Motor Club, the American Mutual Liability, James S. Kemper fleet and other aggressive organizations, some of which write the valued policy form. It is the feeling

(CONTINUED ON PAGE 33)

Agents, I. U. B. to Hold Conference

Committees Will Meet in New
York to Thresh Out
Differences

CHARGE DISCRIMINATION

Complaint Voiced by H. R. Manchester at National Association Convention Likely to Be Reviewed

NEW YORK, Nov. 25.—In an endeavor to clear up any misunderstandings that may exist between the National Association of Insurance Agents and the Interstate Underwriters Board, the governing committee of the latter body will meet with a special committee of the former organization here Dec. 3, in response to a request for such a meeting by the agents' association.

Just what issues will be particularly discussed has not been made known. It is assumed that the complaint voiced by H. R. Manchester at the annual convention of the National association in Los Angeles, that the practices of the I. U. B. were discriminatory, will be threshed out.

Dumont Meets Critics

Ever since the I. U. B. was formed nearly two years ago there has been criticism of its operations, being based largely upon lack of understanding by local men as to its plans and purposes. With a view to elucidating matters, J. R. Dumont, manager of the organization, has addressed a considerable number of state field men's and local agents' organizations and in addition to defining as simply as possible the methods of operation of the I. U. B., answered questions clarifying points upon which his auditors were in doubt. It has been the policy of the organization from the start to work in the utmost harmony with the agents and if as a result of the forthcoming conference, the company men can be convinced that they are working injury in any way to their local representatives or assureds, it is a foregone conclusion that remedial methods will be adopted.

Who Will Attend Meeting

The National association will be represented at the meeting here next week by H. R. Manchester, Cleveland; Lyman M. Drake, Chicago, and President W. B. Calhoun, Milwaukee. In addition to W. Ross McCain, vice-president of the Aetna, chairman of the governing committee of the I. U. B., his associate committeemen are R. M. Bissell, president Hartford; Lyman Candee, vice-president Globe & Rutgers; P. L. Haid, president Continental; J. L. Parsons, president United States; Benjamin Rush, president North America; C. F. Shallcross, United States manager North British & Mercantile; H.

(CONTINUED ON PAGE 16)

Mercantile Loss Ratio Gratifying

Reason Seems to Be Owners Gain
Nothing by Reason
of Fire

ONLY CREDITORS PROFIT

Different Factors Exist to Cause Dwelling Claims on an Unprecedented Scale

NEW YORK, Nov. 25.—Singular as it may appear, the long continued business depression, while held responsible for a marked increase in the moral hazard as related to dwelling house fires, acts as a distinct check to the burning of mercantile properties, which, after all, constitute the heavy percentage of total claims. The reason assigned is that while the home owner, having suffered a sharp curtailment in income, if, indeed, he has not lost his position, turns to a fire as a means of salvaging something, however small his equity in his residence may be. Even though he may be in debt the burning of the residence, usually well insured both as to property and contents, means an almost immediate cash income, which very often is beyond the reach of creditors, the destroyed property being in the wife's name.

Mercantile Situation Different

The situation differs, however, as affecting the merchant and manufacturer. Working often on a narrow margin and by the grace of creditors, men in business are anxious above all things to keep going, appreciating that so long as they can operate they are assured of an income, however small it might be, anticipating that when the tide turns they will again be able to attain a fairly profitable status.

Should fire occur, meantime, however, and the store or factory be destroyed, the merchant or manufacturer realizes that creditors would close in on him, and the money collected from the insurance companies used practically in its entirety to liquidate his obligations. Having nothing to gain through fire, and everything to lose thereby, the average business man is protecting his property with a thoroughness not shown in more prosperous times. This is the explanation given by executives for the notable diminution in the loss record upon their major premium producing business classes thus far in 1931.

Reciprocal of Kansas City Reinsured in Sister Firms

KANSAS CITY, MO., No. 25.—Assets and liabilities of the National Lumber Manufacturers Inter-Insurance Exchange, formed in 1915 by the National Lumber Manufacturers Association, has been taken over half by the Manufacturing Lumbermen's Underwriters and half by the Lumbermen's Underwriting Alliance. The reinsurance deal has been approved by the Missouri department.

The Rankin-Benedict Underwriting Company is attorney-in-fact for both companies. The present deal is really a merger of interests already closely associated for several years. The National Exchange personnel has been absorbed into the other two companies.

The *Hemfile* of Dallas has been licensed in New Jersey.

Outside Regulatory Power of New York Issue in Case

STATE'S JURISDICTION DENIED

Appellate Court Makes Important Ruling in Suit of Factory Mutual Liability for License

The New York insurance department has received a setback in respect to its assumption of power to regulate in other states the practices of companies operating in New York.

The appellate division of the third department of the New York supreme court has just ruled in the case of the Factory Mutual Liability of Providence, R. I., on application for a writ of certiorari to review the department's refusal to license the company in New York, to the effect that the state cannot use its power to exclude a foreign insurance corporation from local business as a means to accomplish that which is forbidden by the state, the regulation of its conduct in another jurisdiction.

On Ruling by Behan

The late superintendent, T. F. Behan, had refused a license to the mutual on the ground that it had charter powers which were not possessed by similar New York companies and the granting of a license to it would be regarded by New York companies as a discrimination against them.

The Factory Mutual Liability had the power to write nonassessable policies under Rhode Island law since it had a guaranty fund and surplus of nearly \$2,000,000. Automobile mutuals of New York issue only assessable contracts.

Mutual Was Agreeable

The mutual on its application to enter New York formally agreed to write only assessable contracts in that state and to limit its business there exactly according to New York law. Superintendent Behan and the mutual were in

Michigan Department Asks Republic Auto Trusteeship

RECEIVERSHIP MAY FOLLOW

Over \$300,000 Is Due From General Agency—Surplus Decreased \$248,000 in Nine Months

LANSING, MICH., Nov. 25.—First of the Michigan stock automobile companies to pass out of the picture as the result of the business depression and the damaging competition of the more strongly financed eastern carriers is the Republic Automobile of Detroit, it developed this week when Commissioner Livingston filed petition for a trusteeship for this company.

The petition reveals that the Republic is impaired \$309,000, according to George G. MaDan, special examiner and consulting accountant of the department. It is anticipated that Mr. MaDan, who is closely in touch with the situation, will be appointed active trustee if the commissioner's request is granted at the hearing today.

While the company has been a stock organization since 1926 its underwriting structure was erected on a reciprocal basis, formerly being the Republic Automobile Underwriters, a reciprocal founded in 1922 as the Motor Insurance Exchange.

(CONTINUED ON LAST PAGE)

accord on this and he refused the license only as a matter of principle.

The appellate division of the court ruled that the question presented is whether the right to exclude a foreign corporation may be used to control its business in other states as a condition of admission to New York, and answers the question in the negative. The ruling of Superintendent Behan therefore cannot be sustained on the basis which he assigned, the court rules.

Plan Loss Groups Among Field Men

Great Possibilities Seen in Proposal in Fire Companies Adjustment Bureau

TRAIN ADJUSTING TALENT

Development of Unified National Claim Plan Is Progressing Steadily Under Manager Lilly

NEW YORK, Nov. 25.—An important activity of the Fire Companies Adjustment Bureau is the creation of loss committees in connection with state field men's association. A number of these committees already have been formed, the work to progress until all state organizations have such affiliations.

The intent is to bring about the better handling of losses through developing adjusting talent on the part of special agents, thus making for the more effective serving of the interests of assureds, local agents and companies.

Opens Great Possibilities

Membership on the committees will be composed of field men who have an understanding of and a constructive interest in loss settlement work. The possibilities opened up thereby are obvious.

The bureau further intends to maintain close personal contact with the management of the loss departments of member companies, as well as of divisional adjustment associations, in order to gain therefrom constructive suggestions for improving loss handling. Plans are in progress for the prompt and impartial investigation of any complaints that may be lodged with the bureau.

Loss executives associations already have been formed in Chicago, Hartford and this city, and the launching of such a body in San Francisco was advocated by G. W. Lilly, manager of the bureau, during his conference with the loss chiefs in that city a short time ago.

Also Proposed in South

B. K. Clapp, manager of the bureau's branch office in Atlanta, has been urging similar committees throughout the southeast, with every probability that their formation will be effected in a number of leading centers.

The bureau administration believes that too much consideration has been given thus far to the mechanics of loss adjustment itself rather than consideration of the time, patience and skill required adequately to give to the companies and agents the sort of representation they deserve.

Contacting Plans Made

It seems elementary that local agents who are "on the firing line" and unquestionably owe a responsibility to their policyholders, should occupy an important position in the entire development of the Fire Companies Adjustment Bureau. Plans are practically settled for maintaining executive contact with agents individually and through their associations.

It will be one of the major purposes of the bureau to give to the insurance interests a more personal touch in their representation rather than partial, or what is perhaps better termed, "perfunctory" representation. This can only be accomplished through the highest degree of cooperation and working contact between the Fire Companies Adjustment Bureau and the variety of interests served and affected.

CONDENSED NEWS OF WEEK

Committees of I. U. B. and National Association of Insurance Agents to confer in New York. **Page 3**

Chicago agents protest against new automobile theft restrictions in their city. **Page 3**

United States Supreme Court upholds the Minnesota supreme court in affirming the validity of the arbitration procedure under the standard fire policy. **Page 3**

Outside regulatory power assumed by New York insurance department is curbed by court ruling. **Page 4**

Separation rule adopted by S. E. U. A. doesn't go far enough, many agents say. **Page 6**

Pacific Board proposal for drastic rate cut and changed underwriting methods on earthquake insurance given majority approval; becomes effective Jan. 1. **Page 5**

Walter E. Atwater, "father of Blue Goose," honored at dinner in Milwaukee. **Page 6**

Trusteeship asked for the Republic Automobile of Detroit by Commissioner Livingston. **Page 4**

Insurance agencies are profiting from instalment buying, having their premiums financed by reputable concerns. **Page 6**

Insurance committee of the National Association of Finance Companies makes many recommendations as to automobile insurance for finance concerns at meeting in Chicago. **Page 6**

Governor LaFollette recommends to Wisconsin legislature in special session the adoption of compulsory unemployment insurance bill to become effective July 1, 1932. **Page 37**

Norman R. Moray joins New Amsterdam Casualty. **Page 37**

Manager Lilly of Fire Companies Adjustment Bureau developing plan for formation of field men's loss committees, close cooperation. **Page 4**

Opposition is heard to the agency limit rule as filed with the New York department by James A. Beha for the casualty acquisition cost conference. **Page 35**

Owing to the depository liability feature very few public official bonds are now being written. **Page 38**

Casualty and inland marine companies closer to agreement to end encroachment, following meeting of conference committees with New York department. **Page 36**

J. C. Heyer sees limited policy as only solution for health insurance troubles. **Page 40**

Agreement reached on disputed features of coast commissioners' rulings affecting accident and health insurance. **Page 36**

Surety association approves rider to include New York state liquidators under bankers' blanket bond. **Page 38**

Darby A. Day and J. B. McCutchan charged with embezzling \$200,000 of the Automobile Underwriters' funds. **Page 38**

Plate glass business termed "highly unprofitable" this year. **Page 28**

Central burglary inspection bureau is being advocated. **Page 35**

Surety men speculate on commissioners' attitude toward allowing credit for depository bond salvage in annual statements. **Page 35**

Fidelity & Casualty will reduce its capital from \$5,000,000 to \$2,000,000. **Page 35**

Van Schaick calls conferences on casualty and surety rating methods. **Page 37**

Earthquake Rate Cut Is Approved

Pacific Board Proposal Applicable
Only to San Francisco
and County

OBTAIN MAJORITY VOTE

Changes in Underwriting Method Also
Effective Jan. 1—Opposition Is
Expected in Los Angeles

SAN FRANCISCO, Nov. 25.—Reduction in earthquake insurance rates and revision of the method of writing the cover in San Francisco, effective Jan. 1, virtually were assured this week with report by the Pacific Board that it has received the required two-thirds approval of local managers and general agents.

The successful conclusion comes after many weeks of discussion and despite unqualified opposition by home office officials of some large companies.

Provisions of Proposal

Besides the drastic rate reduction, principal provisions of the approved proposal are that coverage will be written in an endorsement attached to fire policies covering on the same risk, instead of under separate policies, and a new term rule is established which will permit granting three-year coverage for two annual premiums, providing, of course, the fire policy to which the earthquake endorsement is attached is written for such a term.

It is expected that permission will be granted for all policies becoming effective 60 days or less prior to that date to be cancelled pro rata and rewritten at the lower rates.

With official publication of the new rates and changes, it is reported that the present "relief" arrangement used by Pacific Board companies and brokers in meeting cut-rate competition of non-affiliated carriers will be abolished. These relief measures in recent months have come to be regarded generally by right thinking company managers and brokers as an evil which was gradually creating chaos. It has been the custom to grant these relief rates on both fire and earthquake business, and it is reliably reported that in the future the full board rates will have to be obtained.

Non-boarders Are Waiting

What action non-board companies will take in return is as yet unknown, but it is expected that they will continue to cut under board rates, although it is not considered possible for them to make as large a proportionate cut as they have been making in the past. They are waiting publication of the board's changes before announcing a course of action.

One phase of this change in the earthquake situation which has been subject to severe criticism from some of the company managers is the fact that the new rates and rules will be applicable only to the San Francisco territory. These managers fear that other sections of the state, particularly Los Angeles county, will demand a similar reduction and that the Board will not be able to justify its position in making the lower rates applicable only to the restricted area in the local territory. A prominent Board manager said something had to be done to meet the demands of brokers who have been losing business in San Francisco due to the high rate schedule but identically the same problems exist in Los Angeles

(CONTINUED ON PAGE 14)

Gets War Department Post in Washington



GEN. GEORGE E. LEACH

Gen. George E. Leach of Minneapolis, former mayor of the city, who won distinction in the world war, fighting for 248 days in combat, has been appointed chief of the War Department Militia Bureau at Washington, D. C., succeeding Major General Emmerson, who resigned. Mr. Leach is a brother of W. C. Leach, president of the Minneapolis Fire & Marine. In fact General Leach was at one time superintendent of agents of the Minneapolis F. & M. When he retired as mayor he started in the local business. He formerly traveled in Minnesota for the Norwich Union.

Agency-Solicitor Contract Is Framed in Cincinnati

The Cincinnati Fire Underwriters Association has prepared an agency-solicitor agreement for use of its members. The agreement is in two forms, one on monthly accounting and the other setting forth the promises of the two parties to the agreement.

The agency promises upon termination of the agency-solicitor's agreement not to molest or solicit business belonging to the solicitors provided all premiums have been paid to the agency, to give the solicitor a monthly statement showing the net amount due from him and to give insurance rate and writing information to the solicitor.

Provisions of Contract

The solicitor agrees "that all premiums collected by the solicitor for the account of the agency are the property of the companies which issued the policies on which they accrued and shall be held by him as trustee of such companies until paid over to the agency." The solicitor is to settle with the agency not later than the 15th day of the second month following the month in which the business became effective.

Upon termination of the agreement, whether by the death of the solicitor or otherwise, the agency is to have first lien on all business of the solicitor as security for any indebtedness due the agency from the solicitor. The solicitor has no power to bind any business under any circumstances, cannot order any contracts nor have any authority in the handling of losses, claims or suits.

Use Will Be Optional

It is expected that the members of the association will generally adopt this form of agreement though use of the forms will be optional. It is expected that the forms will be used for solicitors now employed as well as for those who may come into the business later.

Nathan G. Burgster Brings Out New Plan For Rating

The author of the new schedule plan, Nathan G. Burgster, 1312 Howard street, Chicago, has had many years' rating experience, and for several years has been engaged in making schedules in Chicago.

His entire business life has been spent in the service of the companies in the middle west, except for a few years of local agency work. He started in an agency in Jamestown, N. D., his home town.

The plan for an entirely new and original method of making fire insurance rates, which Nathan G. Burgster has just finished submitting in instalments to prominent company officials, includes a new approach to the subject which, he says, should go a long way toward a much needed rationalization of this vital function of fire insurance.

That there is urgent need for a correct and comprehensive system is apparent, Mr. Burgster declares, from the fact that there are more than a dozen different schedules used in the United States, ranging from several rudimentary "laundry-list" schedules up to complicated and pretentious systems, but all, according to the author of this plan, characterized by fundamental errors of analysis and inclusion of irrelevant considerations, which produce rates that are full of inconsistencies and distorted relationships.

Agreement on Fundamentals

While he believes he has developed a correct analysis of the basic considerations on which rating should be founded, he advances the thought that the best interests of the companies will be served by a thorough preliminary study of principles before commitment to a program of rerating by any new method, to avoid the perpetuation of present errors or the commission of new ones. Such a study would include a critical examination of principles by all who are interested in rating, and their general approval, before much time and money are spent in their application.

Mr. Burgster has this to say about the necessity for unified control of the rating function:

"Lack of a central authority is probably the reason for the survival of a multiplicity of schedules and variations of schedules. A general governing body would no doubt have secured the adoption long ago of a standardized method for the entire country. Without such control it is not likely that any schedule will spread over the United States, or if it should become generally used a central control would have to be instituted to keep it intact, otherwise it would begin to disintegrate before it had covered the country."

Basic Principles

The principles on which Mr. Burgster purposes building his schedule are:

1. The fundamental concept of rating as the appraisal of occupancy hazard, rather than the analysis of building construction.
2. Synthesis of the hazard rate, consisting of a measure of causes (unanalyzed and analyzed, i. e., a basis-rate plus charges for specific hazards) factorially modified according to the combustibility of both contents and building, all reduced by percentage credits for protection.
3. Recognition of the fact that building and contents rates differ only because of differences in susceptibility to damage by fire, smoke and water; that both derive from the hazard to which they are exposed; that their relations are coexistent, and not sequential as in all schedules now used, i. e., neither depends on the other; that final rates for building and contents must be ratios of the hazard rate; that hazard affects matter in proportion to its susceptibility to damage.
4. The unequal value of municipal

protection to individual risks, depending on height, area, floor openings and combustibility of contents; recognition of these four factors by withdrawal of part of the credit for protection.

5. The relation of one occupancy to another in multiple-occupancy buildings is exposure and nothing else.

6. Rates must be based on coinsurance. Noninsurance rates cannot measure hazard closely, but must offer the best risks the greatest inducement for coverage approximating value.

Mechanism of the Schedule

Principles 1 and 2 are worked out, he says, in a simple treatment that gives an occupancy-rate for any occupancy in any kind of building under any class of protection, by reference to tables of occupancy-rates. The occupancy list will be the same for all states but the occupancy-rate tables will be specially constructed to fit conditions in each state, giving the general level of rates, spread between fireproof, brick and frame, and the spread between the various classes of municipal protection.

This arrangement makes it possible to include many special classes which now have to be covered by special schedules, Mr. Burgster explains.

Machinery for Producing Local Rates

"Here is the machinery for producing level rates for such classes as are level-rated over the country," he states. "For instance, electric generating stations might be listed with reference number 14. This would refer to a special group of occupancy-rates numbered 14, which would be the same in all states. This method can also be used to accord the necessary low rates to classes (not necessarily of country-wide distribution) that deserve such treatment on their record, such as tobacco storage risks. All that is necessary is to give such a class a reference number corresponding to a special group of occupancy rates which will produce the desired level of rates."

The occupancy-rates for each occupancy are arrived at by using a basis-rate representing unanalyzed hazard, varying this figure according to the classified combustibility of contents and of the building, and giving a percentage credit for municipal protection.

Each of the factors may be increased or decreased so that occupancy-rates for any state will produce any desired level of final rates.

In a simplified schedule which, Mr. Burgster says, underwriters now demand, too much analysis must not be devoted to minor construction details. Most of these, he asserts, have slight

(CONTINUED ON PAGE 14)

Ohio Farmers Officials Take to Grease Paint

Several high officials of the Ohio Farmers companies at LeRoy are active in the newly formed Players Club there, which is enlisting in the little theatre movement. The club produced its first play, "Second Childhood," Nov. 21 and the cast included D. W. Crane, vice-president of the Ohio Farmers.

C. D. McVay, general counsel, became Judge Sanderson in the play and Jean C. Hiestand, assistant secretary, brought to life a lovesick old general with one foot in the grave.

President Frank H. Hawley found no part suited to his talents and did his share by ushering. George S. Valentine, assistant secretary, is president of the club, and has announced that several plays will be given each year by the LeRoy group.

Robert Hawley, son of the president, scintillated as "Sheriff Johnson."

S. E. U. A. Separation Rule Does Not Satisfy Agents

TO APPLY ONLY IN FUTURE

Present Mixed Agencies Untouched—Men Who Have Refused Mutual Connections Say They Are Penalized

ATLANTA, Nov. 25.—“No association company to enter an agency now representing any mutual company; nor may any member company continue in any agency that takes on the representation of a mutual company in the future.”

It is understood that in effect the above is the rule adopted by the Southeastern Underwriters Association at the mid-winter meeting in Pinehurst, last week. It is the first known gesture from an official source in attempting to bring about a solution of the “mixed agency” problem that has grown to an alarming extent in the S. E. U. A. territory in recent years. It is also the first official reply from the organization to the demands of local agents throughout the territory for absolute separation.

No Other Action Taken

It is reported that the adoption of this rule was the only action on other than routine matters at the Pinehurst meeting. Several requests were made by local agents, including information as to what member companies are carrying reinsurance for mutuals, non-member and other carriers not regularly licensed in this territory, but if any action was taken on them it was not made public.

While there is some satisfaction among the agents that the S. E. U. A. has finally taken some definite action toward separation, some of them feel that the “knife did not strike to the heart of the situation.”

As a result of the steady encroachments of the mutuals in recent months, an increasingly large number of stock agencies took on mutual connections in order to protect and hold their business. Hundreds of others had mutuals’ supplies in their offices but refused to use them pending the expected action of the S. E. U. A. Agents of this latter class say the new rule of the S. E. U. A. leaves them with the “bag to hold.”

Claim Loyal Agents Penalized

These agents assert that they have sacrificed business for stock company principles, feeling confident that their interests would be protected. They interpret the rule of the S. E. U. A. to mean and say to the large number of agents who now have mutual company representation in their agencies, “We will forgive you of past sins; keep the wages thereof, continue to indulge to the same extent—do not enlarge upon them—and we will go along with you,” while to that large army of agents who have been loyal to the principles of the American agency system the rule is construed to mean: “You have been a nice loyal bunch. We admire your clean record. You must not now commit the same error that your brother agents who have taken on the mutual fire companies have committed. If you do that we have decided that we will have to ‘separate’ company with you and cannot any longer under this rule permit you to have affiliations with us.”

Georgia Agents’ Action

It was learned from reliable sources here that several Georgia agents have notified their companies that they will seek out those stock fire companies that do not now have “mixed agencies” in Georgia and seek connections there, resigning the representation of companies now in their office that do permit “mixed agency” business.

The Atlanta Association of Fire In-

Honor Walter E. Atwater, Father of the Blue Goose

HIGH TRIBUTE PAID VETERAN

Milwaukee Dinner Celebrates 25th Anniversary of Election as Blue Goose Most Loyal Grand Gander

MILWAUKEE, Nov. 25.—Walter E. Atwater, widely known as the “father of the Blue Goose,” who is celebrating the 25th anniversary of his election as the first most loyal grand gander of that order, was honored at a dinner dance here Nov. 21, sponsored by the Wisconsin home nest, with more than 150 in attendance.

G. F. Risley, Wisconsin state agent Rochester American, was toastmaster. Speakers, beside the guest of honor, included T. E. Gallagher, former western general agent Aetna; Raymond Sweeney, from the United States head office of the Caledonian, which Mr. Atwater represents as state agent; Lloyd S. Wallace of the Niagara, who presented a beautiful gold watch made for Mr. Atwater, and C. P. Helliwell, general agent New Brunswick and grand wielder of the Blue Goose, who presented the grand nest resolution of appreciation and congratulation to Mr. Atwater. Mr. Atwater’s family was seated at a table directly in front of the speakers’ table.

Many Telegrams Received

A veritable flood of telegrams was received from every pond in the United States and in Canada, as well as from grand nest officers and others who have known Mr. Atwater during his insurance career.

Mr. Atwater was greatly touched by the unusual testimonials. Unknown to him, the committee looked up the Atwater coat of arms and used it on the back of the watch. By a curious coincidence, this coat of arms, dated 1483, bears three geese, and these were colored blue on the back of the watch. Clarke Munn of the Cook County Loss Adjustment Bureau and George Benier of the Western Adjustment, Chicago, represented the Illinois pond.

Mr. Atwater’s Career

Mr. Atwater started as a clerk in the Roger Swire agency, Iowa City, Ia., in 1890. Mr. Swire was also state agent for the German American. His first field position, gained through Mr. Swire’s recommendation, was as special agent for the Connecticut Fire in Iowa, as assistant to N. E. Briggs, in 1895. In 1898 he became special agent for Iowa, Nebraska, Minnesota, Colorado and Wisconsin for the Grand Rapids Fire, and in 1900 became state agent for Minnesota and Wisconsin for the Greenwich of New York. It reinsured in the Commercial Union in 1904 and Mr. Atwater took the state agency for that group in Wisconsin. He joined the Caledonian in 1928.

Commonwealth’s Oct. 1 Statement

The Oct. 1 statement of the Commonwealth of New York, one of the North British & Mercantile group, shows total assets of \$6,848,156; unearned reserve \$2,693,001; capital \$1,000,000, and net surplus \$2,780,517.

Mexico Representation Changed

The North British & Mercantile has transferred its general agency in Mexico to the Mexican-American Corporation in Mexico City.

Insurance Agents now has in the hands of a committee the problem of “mixed agencies” and it is likely that a meeting of the entire membership will be called early in December, at which some action will likely be taken concerning the rule of the S. E. U. A.

Premium Finance Plan Is Valuable to Agents

COLUMBUS, O., Nov. 25.—That insurance agencies are beginning to profit from the installment buying training which corporations have received in the purchase of materials and equipment is evident from the increasing number of large size premiums being financed by the National Guarantee & Finance Company of Columbus.

Premiums running in amount from \$200 to \$4,000 are beginning to appear regularly on the record books of this organization. Some corporations which are able to pay the entire amount at once use the finance plan in order not to disturb their cash budgeting plan.

Particularly are agents finding the premium finance plan useful in handling the insurance of charitable institutions. At this time these institutions are hard hit. Many of them cannot obtain funds this year to pay a three year or five year premium. Their reduced budgets do not permit any such large expenditure at one time. Yet by use of the premium financing plan, these charitable institutions may get the benefit of the long-term rate and even after paying the finance charges save money in comparison with taking insurance on the annual term basis. Hospitals, orphanages, old folk’s homes, and many like institutions find the premium finance plan valuable, particularly just now.

Rockford Board Entertains

President Calhoun of National Agents Association and Other Out-of-Town Notables Attend

ROCKFORD, ILL., Nov. 25.—President W. B. Calhoun of the National Association of Insurance Agents and a group of prominent Illinois insurance men were guests of the Rockford Board of Fire, Casualty & Surety Underwriters at a dinner meeting Tuesday night. Fifty northern Illinois agents attended. S. E. Moisant, Kankakee, secretary-treasurer Illinois Association of Insurance Agents, presided.

Other out-of-town guests were Rockwood Hosmer, president of the state association; H. J. Leach, Morris, Ill., chairman organization committee, state association, and A. C. Norden, Chicago. Robe Bird, western department manager of the American, and Walter Williams, western department manager of the Security, extended Rockford’s welcome to the visitors. Harry Weber is president and Richard Ross secretary of the Rockford board.

In his address, Mr. Calhoun urged Rockford’s organized insurance agents to support companies which favor national insurance organizations. The latter, he pointed out, return this support by backing up the constructive policies and practices of local organizations.

Mr. Hosmer spoke on behalf of the state association and his plea for support produced several membership applications from members of the group attending the banquet.

Kansas Insurance Directory for the Year Has Been Issued

From the press of THE NATIONAL UNDERWRITER comes the new edition of the Kansas Insurance Directory giving full information as to the companies operating in the state, local agents in every town and companies they represent, valuable reference information, statistical tables and lists of national, sectional and state and local organizations. One of the new features of the book is a section devoted to Kansas home companies. Kansas has more home insurance companies than outsiders might realize. It is a state of growing importance insurance-wise.

Many Recommendations Are Made by Finance Companies

AUTO INSURANCE PROPOSALS

Liberalization of Forms; Standard Policy for National Association of Finance Companies Asked

Automobile insurance people are much interested in the many recommendations of the insurance committee of the National Association of Finance Companies, which was adopted at the annual meeting of the organization at Chicago.

Finance companies are urged to make profits from handling insurance secondary to protection under liberal policy contracts. Policy forms should be liberalized; rates are favored which will produce a reasonable profit to the insurer and give the finance company and purchaser proper protection.

The committee recommends adoption of a standard master policy form for members of the National Association of Finance Companies similar to the American Bankers Association form which the casualty companies have promulgated. This standard form, according to recommendations, should provide automatic protection, special protection for finance companies in event of violation by the purchaser similar to the standard mortgage clause, reasonable notice of termination on either side and no wholesale cancellation without cause.

End Territorial Differences

Material reduction of territorial differentials is advocated. The rates by list price rather than makes are preferred; an increase in rates on higher priced cars because of lack of volume and of activities of professional thieves is recommended. Also an increase in minimum premium is suggested which will be helpful to the insurers, agents and finance companies.

The policy form should be broadened according to the committee, and rated on an adequate basis, giving more liberal protection. Actual value policies are favored. Customers’ collision should be encouraged and single interest collision discouraged.

Conversion coverage should be more clearly defined and the liability of the insurer in no event should be confined to those cases where a warrant can be secured. The finance companies should not be required to show criminal intent on the part of the purchaser.

Cooperation Is Urged

Finance companies according to the committee should cooperate by careful credit underwriting, close collections and prompt reporting of probable losses. Insurers should use specially trained and equipped adjusters familiar with finance business and legal requirements of conditional sales contracts, foreclosures, etc. Old line fire adjusters, the committee said, do not give prompt and proper attention to finance company losses.

Finance companies and insurers should utilize the facilities of the National Association of Finance Companies for reporting skips. With liberalization in policy forms and increase in minimum premiums, insurers should be more liberal in settlements.

Push Pro Rata Cancellation

Officials of all companies belonging to the New York Fire Insurance Rating Organization have been requested by F. E. Jenkins, chairman of a special committee of the association, to endorse promptly a proposed rule for pro rata cancellation of merchandise insurance, the insurance department having called the attention of the committee, to the fact that the matter has been pending for nearly six months.

Loss Payable Rider Doesn't Waive the Mortgage Clause

U. S. HIGH COURT DECISION

Supreme Bench Overrules Circuit Court in Sun vs. Scott on Important Issue

A chattel mortgage clause in a fire policy is not waived by a later endorsement that the proceeds be paid to the insured or the designated mortgagee "in accordance with the provisions in the policy." This was the decision of the United States Supreme Court in the case of Sun vs. Scott, reversing the decision of the Circuit Court of Appeals for the 6th Circuit.

This was an action brought on a policy which provided that it shall be void, if the personal property insured is encumbered by a chattel mortgage. The policy also provided that no officer, agent or representative of the company shall have power to waive any provision in the policy, unless such waiver shall be written or attached to the policy. There was also a provision concerning the appraisal of the property upon loss in case of disagreement between the insurer and the insured.

It appeared that before the loss the insured executed a chattel mortgage on the property which was subsisting at the time of the fire. Endorsed was a loss payable clause. After the loss, the insured made his claim and the insurer disagreed as to the amount due, but no appraisal was made.

The federal district court in Ohio held that the loss payable clause waived the chattel mortgage provision in the policy and held that there was no obligation on the part of the insured to obtain an award of appraisers as a condition to his right of action on the policy. On appeal, the Circuit Court of Appeals for the 6th circuit held that while an award of appraisers was a condition precedent to a right to recover under the policy, the insurance company had waived this provision, because it had denied any liability both before and after this suit was brought. The circuit court of appeals also affirmed the judgment of the district court, holding that the chattel mortgage clause had been waived.

Baltimore Equitable Has An Interesting Collection

BALTIMORE, Nov. 25.—One of the interesting places to visit in this city, especially for insurance men, is the home office of the Baltimore Equitable Society, organized in 1794. It is now in its third location since it was founded.

Every record is intact. Policy No. 1 is in the archives and the penmanship is as legible as the day written. The first policies were written in sterling instead of dollars. The first desk and original strong box are in possession of the society. The records reveal that a man was hired to take the box west of the city when Baltimore was bombarded in 1814 and bury it. An interesting bit of correspondence has been preserved between the Baltimore society and the similar one in Cincinnati, the Cincinnati Equitable, when the latter was being organized. The upper story of the building has been made a museum and contains many things that a collector might covet.

The officers are always glad of the opportunity to exhibit their relics to those interested. After the disastrous Baltimore fire of 1904 this staunch old organization paid policyholders approximately \$2,000,000.

Chicago Agencies Merge

B. L. Heath & Co., for many years operating as a Class 1 agency in Chicago, will on Dec. 1 become affiliated with R. A. Napier & Co., of that city

on a participating basis, the name of the agency continuing, however, as Napier & Co.

Mr. Heath went to Chicago in 1917 as branch manager for the Chicago Bonding. When it was reinsured by the American Bonding of Sioux City in 1920, B. L. Heath & Co. became general agents for that company. After the failure of that company in 1921, Heath & Co. stood behind all of its policies issued through their office to the extent of the unearned premiums.

Tennessee Farmers Mutual Is Voluntarily Disbanding

NASHVILLE, TENN., Nov. 25.—The Tennessee Farmers Mutual Fire of Nashville, organized more than 25 years ago, has agreed voluntarily to disband, and legal approval has been granted by the chancery court. The petition to dissolve was filed by Homer Hancock, J. F. Porter and F. H. Dunkin, constituting a liquidating commission appointed by the policyholders to wind up its affairs.

The company has in times gone by done a big business in middle Tennessee and parts of east and west Tennessee. It disbands with approximately 8,000 policyholders and some 15,000 policies outstanding. R. D. Jones, S. J. Baskin and T. W. Hunter are named as defendants in the suit, each being a policyholder and each representing one of the three different classes differentiated in the decree.

The three classes into which the policyholders are divided under the decree are as follows:

Policyholders who sent in their policies for cancellation, and had them cancelled between July 1 and July 20, 1931, will be entitled to a return premium on short rate basis, and not on an unearned premium basis.

Holders who paid cash for premiums are entitled to a return premium on an unearned premium basis.

Holders who paid cash and executed notes for the balance will have their notes returned, and in event all the cash paid in has not been earned by the company, the due pro rata of the unearned portion of cash will be returned.

Heavy Live Stock Loss

An undoubtedly heavy insured loss was sustained by a number of companies in the destruction of about 30 head of prize horses and cattle when a Missouri Pacific railroad train bound to the International Live Stock Exposition in Chicago was wrecked near Wellington, Mo. Twenty-five cars and the locomotive tender left the track and ten cars turned over in a ditch. Early estimates led to the belief that loss claims from the wreck will run into six figures. Five men were killed and 25 others injured. The casualty companies probably will have a number of liability claims filed for large amounts.

The animals were all prize stock, one horse which so far as is known was not killed having been insured for \$27,000. The Hartford Live Stock was on the risk of another prize horse which was killed, for \$10,000. So far claims totaling about \$30,000 have been filed with the Hartford Live Stock. The North America is another company affected, carrying insurance not only on live stock but on equipment.

Assigned to Auto Work

R. A. Gamble, who has been transferred by the American of Newark from Kansas state agent to the western department in Rockford, Ill., is assigned to work in the automobile department.

DR. Huebner's "Property Insurance" is a basic volume presenting the facts and problems connected with those forms of insurance which indemnify owners against the loss of property. Single copy \$3. Order from The National Underwriter.

A Few Questions

✻

IF you were an agent and the companies you represented failed to advertise in the leading and most important weekly insurance newspaper, wouldn't you wonder why?

Wouldn't you notice, too, that practically all of the rest of the representative, successful and important companies were advertising?

Wouldn't this, in time, have an adverse effect on you?

Wouldn't you think it strange that your companies had nothing to say, no favorable comment to make, no arguments to present in their own behalf?

Wouldn't you conclude, finally, that there is nothing for anyone to say for a company that has nothing to say for itself?

Wouldn't this, in the end, influence you to give up such companies and to commence representing some more alert, more progressive and more self-assertive?

Isn't it natural for any agent to think the most of the companies that have the most to say for themselves?

(Number 11 of a series devoted to the merits of National Underwriter advertising)

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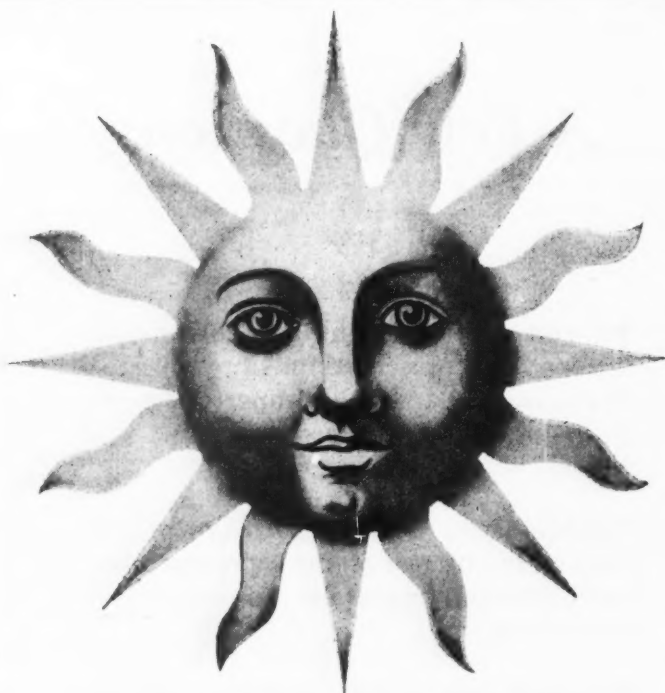
The National Underwriter

The leading weekly insurance newspaper

E. J. WOHLGEMUTH
President



C. M. CARTWRIGHT
Managing Editor



INSURANCE IS AS OLD AS THE SUN

Keep Your Face Toward the Sun and the Shadows Will Fall Behind You

SUN INSURANCE OFFICE

Limited of London

Established 1710—The Oldest Fire Insurance Company in the World

The SUN of London, established in 1710, (the oldest insurance company in the world) stands out as one of the world's greatest institutions.

The Patriotic Insurance Co. of America, established January 1, 1923, is growing lustily and is entirely at the service of our agents.

FIRE
LIGHTNING
WINDSTORM
AUTOMOBILE
EXPLOSION
RIOT & CIVIL COMMOION
USE & OCCUPANCY
RENTS & RENTAL VALUE
LEASEHOLD
INLAND MARINE
OCEAN MARINE

TOURIST FLOATER
SALESMEN'S FLOATER
YACHT AND MOTOR BOAT
ALL RISK PERSONAL JEWELRY
ALL RISK PERSONAL FURS
ALL RISK TOURIST FLOATERS
JEWELERS BLOCK POLICIES
PUBLIC LIABILITY
MERCHANDISE IN TRANSIT
via Truck, Rail or Steamer
(Annual or Trip Policies)

SUN INSURANCE OFFICE LIMITED

OF LONDON

Sun Underwriters Insurance Company of New York
Patriotic Insurance Company of America
Sun Indemnity Company of New York

UNITED STATES BRANCH
55 Fifth Ave., New York

O. Tregaskis, Manager, Eastern Department

WESTERN DEPARTMENT
Wrigley Building, Chicago
John F. Stafford, Manager

PACIFIC COAST DEPARTMENT
San Francisco, Cal.
Carl A. Henry, General Agent

MARINE DEPARTMENT
11 South William St., New York
Wm. H. McGee & Co., Inc.,
General Agents

SUN INDEMNITY COMPANY
55 Fifth Ave., New York
F. I. P. Callos, President

NEWS OF THE COMPANIES

Lion Now Being Liquidated

**New Los Angeles Company Affiliated
With Eureka Security However
Is Solvent**

The Lion Assurance of Los Angeles is now being liquidated. This company was organized in 1928 with a capital of \$200,000 and a surplus of \$300,000. It is an affiliate of the Eureka Security of Cincinnati and was managed on the coast by I. M. Fisher of Los Angeles.

The company is solvent and will liquidate with a slight profit to the stockholders. The business of the company will be reinsured in the Eureka Security and other companies. Agencies which have been representing the Lion will now represent the Eureka Security and I. M. Fisher will continue as manager on the Pacific Coast for the Eureka Security.

During liquidation and until all business is off the books of the Lion, the \$200,000 on deposit with the California department will be retained there.

The Monarch Underwriters contracts which were underwritten by the Eureka Security and the Lion will now be underwritten by the Eureka Security and the Security of Davenport.

Public Reinsures Eastern

The Eastern Fire of Atlantic City is reported as having reinsured in the Public Fire of Newark under a preliminary binding agreement. The Public, in turn, is reported to have given off one-half of the outstanding liabilities thus acquired through the Eagle Fire of Newark.

The Eastern Fire was organized in 1902 and in 1910 reinsured practically all of its outstanding liability and retired from most of its states. Its revenue since then has been principally from local sources.

As of Dec. 31, total assets were \$606,937; premium reserve \$60,950; capital \$200,000, and net surplus \$281,321. John C. Slape is president.

In addition to taking over the Eastern, the Public is in the midst of absorbing the Great Lakes Fire of Chicago and the Empire Fire of Brooklyn.

Pacific American Shows Gain

The Pacific American Fire of Los Angeles in a statement reports net premiums for the first ten months of \$442,728, as compared with \$393,873 for the corresponding period of 1930, an increase of over 12 percent. The loss ratio for this period was described as having been very favorable. Total net earned surplus shown by the company for 1931 to Nov. 1 was \$180,399.

Enters Two More States

The Pacific National Fire of San Francisco, which has entered Arizona and Texas, will be in charge of Cravens, Dargan & Co. of Houston, general agents for Texas. Arizona will be handled from the San Francisco office of Cravens, Dargan & Co. Rorick Cravens is in charge of the San Francisco general agency.

Kattelman Named President

Charles Kattelman, who has been treasurer, has been elected president of the Mutual Fire of Washington, D. C., to succeed the late W. A. H. Church. To fill the vacancy on the board caused by the death of Mr. Church, C. M.

Position Wanted

By fieldman who has had six years experience in Fire and Casualty field work and nine years experience as Local Agent in large city. Have traveled Kansas and Missouri. Will accept any territory. Will furnish any references required. Address U-51, The National Underwriter.

Boteler has been elected. He is secretary of the National Underwriters Mutual of Baltimore and the Mutual Insurance Agency of Washington.

H. E. Bittering, restaurant proprietor, has been elected to the board to fill the vacancy caused by the death of B. F. Saul, and has also been elected treasurer to succeed Mr. Kattelman.

Great National to Newark

The Great National, which originally had its executive offices in Washington, D. C., has established its official headquarters at 1060 Broad street, Newark, N. J. The National Fidelity Fire of Baltimore was merged with the Great National and after the merger the main office was located in Baltimore. Spencer B. Curry is president.

Departments Approve Merger

The New York and Illinois departments have approved the proposal for merger of the Chicago Fire & Marine into the Lincoln Fire of New York. A meeting of Chicago Fire & Marine stockholders has been called for Dec. 22 to ratify the arrangement.

Say Overriding Commission Is Too Close for Any Profit

With the promulgation of the new 1½ percent rate on personal fur floaters with a minimum premium of \$5, 15 percent is paid to brokers or subagents and 20 percent to the supervising agents. The supervising agents declare that they can make nothing therefore on a 5 percent overriding commission. Premiums on this class of business are much lower because of decreased values. One of the main objections to the recent legislation is the announcement that an assured is entitled to a refund if he has paid the 2 percent rate with an \$8 minimum premium. The agents object to this feature very much.

Motor Men Form Agency

ST. PAUL, Nov. 25.—Men identified with the Minnesota Motor Trades Association have incorporated the Minnesota Motor Trades Insurance Agency, with capital of \$50,000. Directors include A. N. Benson, secretary of the association; B. F. Swanson, Anoka; H. E. Warren, St. Paul; P. R. Moore, L. M. Rochefors, Minneapolis; A. B. Krost, Mankato; P. N. Hegvold, Duluth; A. O. Watland, Albert Lea; L. H. Powell, Marshall.

Mr. Swanson is president, Mr. Warren, vice-president, and Mr. Benson, secretary-treasurer.

Smoke Damage Circular on Wall Paper Stock

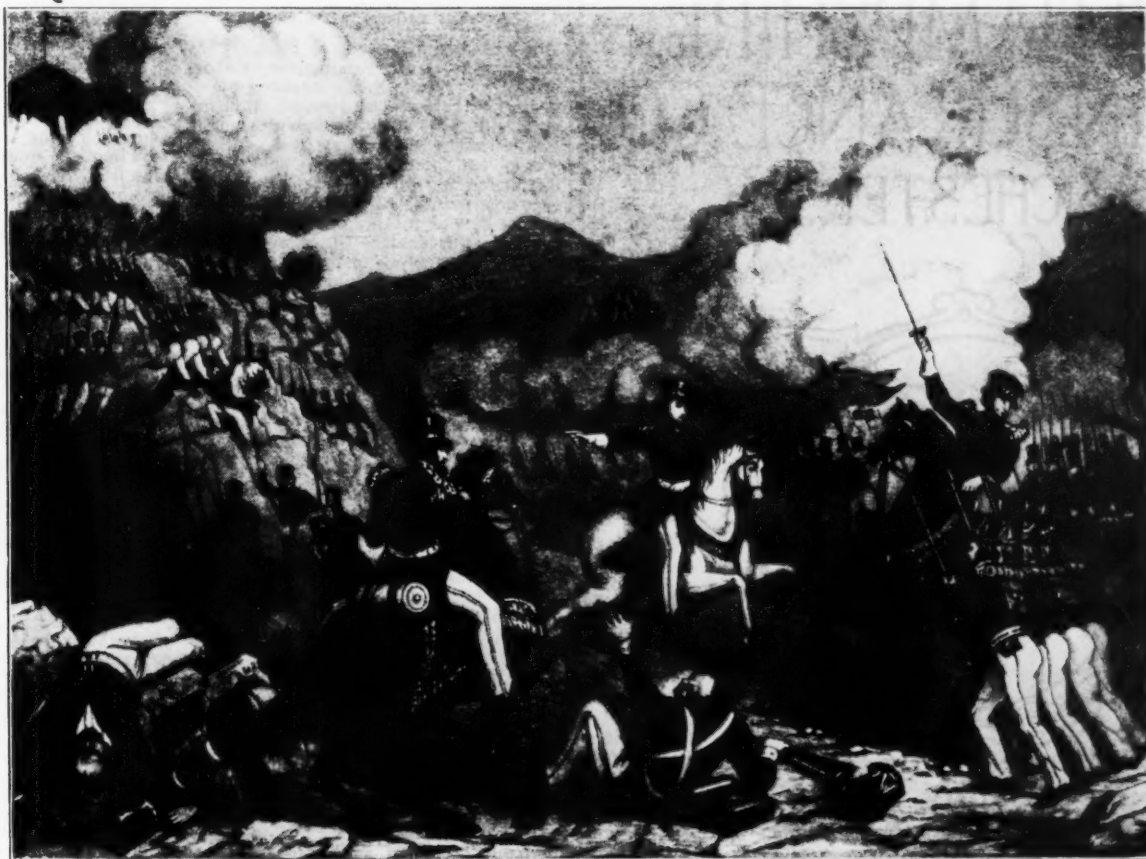
C. E. Freeman, superintendent business promotion department, Springfield Fire & Marine, has prepared the following selling circular for the smoke-damage endorsement which is printed on wall paper stock:

"Do you know that your fire policy does not cover loss or damage to your dwelling or household furniture from smoke or soot caused by faulty operation of fuel-oil-burning apparatus unless there is fire outside the box?"

"This hazard may be covered at a small cost by the attachment to your fire policy of a supplemental contract which covers you against 'direct loss or damage caused by smoke due to sudden, unusual and faulty operation' of stationary fuel-oil-burning apparatus."

"Fuel-oil heating equipment usually gives satisfactory service but lack of care or an accident may cause heavy damage to your home and its furnishings."

"STRENGTH LIES IN DEEDS NOT SIZE"



Photograph Courtesy Chicago Historical Society.

Monterey, most important city in Northern Mexico, and because of its strategic position in the hills a barrier in the advance to Mexico City of "Rough and Ready" Taylor's men was after a spectacular attack up steep hills and almost vertical cliffs taken by his forces on September 20, 1847.

SETTLED by the Spaniards in 1569 Monterey successfully resisted all invaders until that startling attack of General Zachary Taylor's forces. Well trained, enthusiastic troops who knew not the meaning of discouragement or failure overcame all obstacles in taking the city.

The field force of the Eureka-Security Fire and Marine is also well trained and enthusiastic about the company they represent. For 67 years no insurance company which is in a position to write all lines except life has done more for its agents and policyholders.

The Eureka-Security Fire and Marine Insurance Company

Established 1864

Cincinnati Underwriters
CINCINNATI, OHIO



"THE COMPANY THAT KNOWS WHAT TO DO FOR ITS AGENTS AND DOES IT"

NEW HAMPSHIRE FIRE INSURANCE CO. MANCHESTER, N.H.



SIXTY-FIRST ANNUAL STATEMENT January 1, 1931

Assets	
United States Bonds.....	\$3,213,000.00
State and Municipal Bonds and Stocks.....	12,104,678.97
Canadian Bonds, Government and Municipal.....	276,930.00
Foreign Bonds	122,100.00
Real Estate	381,500.00
Agents' Balances	821,929.20
Accounts Receivable	202,787.33
Cash in Banks	627,252.47
	\$17,750,177.97
Liabilities	
Capital Stock	\$3,000,000.00
Unearned Premium Reserve	5,212,038.21
Reserve for Losses	635,810.66
Reserve for Taxes and Other Liabilities.....	371,075.65
Reserve for Dividends Declared and Unpaid.....	150,514.44
Net Surplus	8,380,739.01
	\$17,750,177.97

POLICYHOLDERS' SURPLUS \$11,380,739.01

AFFILIATED COMPANY

Granite State Fire Insurance Company
Portsmouth, N. H.

AS SEEN FROM CHICAGO

PALMER BUSY AT EVANSTON

Ernest Palmer, general manager of the Chicago Board, toastmaster extraordinary and after dinner speaker plenipotentiary, always in demand at insurance functions and provoking laughs galore with his quaint and curious stories and quick repartee, has gained distinction outside underwriting groups for post-prandial brilliancy. For example, he was toastmaster last Tuesday evening at Evanston, Ill., at the annual meeting of the Evanston chamber of commerce. There Mayor Bartlett, distinguished business and professional men listened to the scintillations from the toastmaster's chair.

OBJECT TO REFUNDS

A number of members of the Chicago Board are endeavoring to get through proper legislation to prohibit refunds and rebates on policies in force where there has been some change in rates. The contention is that after a policy is written it has been paid for. If it has been placed by a broker he has received brokerage. Therefore to pay back a refund is very troublesome and adds to clerical expense. Agents declare that a policyholder has a perfect right to cancel his policy and have a new one written at the lower rate. They argue that this is the most satisfactory way out of the matter and a policyholder will readily understand it. The payment of refunds causes much confusion and annoyance.

EBERTH INDEPENDENT ADJUSTER

C. G. Eberth has resigned as Chicago claims manager for the National Union companies to open up an independent adjusting office. Mr. Eberth has had 20 years of experience in adjusting and organizing and managing claim departments in the middle west for both fire and casualty companies. He will continue to serve both fields in his independent office which he has opened at suite 700, 330 S. Wells street, Chicago, under the name of C. G. Eberth & Co.

GOOD WORK BEING DONE

Some idea of the work done and the good accomplished by the various state fire prevention associations in central western territory can be gained when it is realized that during the five-year period ending Aug. 31, last, there were educational and inspection campaigns conducted by members of these organizations in 422 different towns. A total of 87,457 risks were inspected, in which 320,550 recommendations for improvements were made, with an average compliance of 47 percent.

In the five years under consideration "Smoky" Rogers put on 978 "fire clown" shows before a combined audience of 831,760 elementary grade school children. There were 9,782 public addresses

by members of fire prevention associations, or under the auspices of the state bodies, including the staff of the fire prevention department of the Western Actuarial Bureau, to a combined audience of 3,308,651 (including the "clown" shows), leaving a net of 2,476,890 adults to whom the question of fire prevention was brought home in a telling manner.

While the general business depression has adversely affected fire insurance, in keeping with other lines of human endeavor, the field men have apparently taken advantage of the existing economic situation to spread the gospel of fire prevention even more extensively than heretofore. Evidence of this is to be found in a report by the fire prevention department of the Western Actuarial Bureau, as follows:

During the observance last month of Fire Prevention Week, 1,111 talks were made by or under the auspices of members of the various state associations to a combined audience of 356,466 persons. Of these talks, 825 were made before 319,841 school children and 286 were delivered to 36,625 adults. In addition radio broadcasts were made in a number of states by members of the different associations, over 50 of these being reported to the fire prevention department of the Western Actuarial Bureau. It is estimated that 9,000,000 persons heard the broadcast of "Smoky" Rogers over the National Broadcasting chain, Friday of Fire Prevention Week.

INSURANCE IS OVER TOP

The insurance division in the governor's campaign for funds to help the unemployment situation already has gone well over the top with an excess of nearly 22 percent on its \$90,000 quota. Ernest Palmer, manager Chicago board, is chairman of the insurance division.

BROKERS TAKE JOB FUND STAND

The board of directors of the Insurance Brokers Association of Illinois has passed a resolution endorsing the stand of United States Senator Glenn of Illinois opposing any state operated unemployment and pension fund plan. If social insurance of this type is to be adopted, the brokers favor its administration by private insurance companies. A letter from President Frank P. Lavin conveys to Mr. Glenn the intelligence of the brokers' support.

PALMER TELLS OF BOARD

A fine exposition of the duties and functions of the Chicago Board was given by its manager, Ernest Palmer, at the November meeting of the Association of Fire Insurance Examiners. Mr. Palmer was introduced by George H. Bell, western manager National of Hartford and president Western Underwriters Association. H. G. Downing was in the chair. Almost miraculous

Announcing

The establishment of a new and experienced firm of independent adjusters specializing in the handling of

Fire, Automobile and Casualty Adjustments
for the Insurance Companies

C. G. EBERTH & CO.

Suite 700—330 South Wells Street, Chicago
Phone Wabash 1874

C. G. Eberth, formerly claims manager of the National Union Fire and Indemnity Companies, has a background of 20 years experience as an adjuster in both the fire and casualty field in the middle west territory.

Fire • Marine • Automobile • Casualty • Fidelity • Surety

**Complete Financial Security—
Fair Dealing—Intelligent
Agency Service—these three
essentials, zealously pre-
served for sixty-eight years,
are the heritage of each
member of this fleet . . .
Fireman's Fund, Home Fire
& Marine and Occidental
Insurance companies, the
Fireman's Fund and Occiden-
tal Indemnity companies. . .**

SAN FRANCISCO

NEW YORK

CHICAGO

BOSTON

ATLANTA

harmony exists in Cook county fire insurance, Mr. Palmer said. This is partly due to the fact that both companies and agents are represented in the voting membership of the board and on its executive committee. He described operations of the board and gave a picture of the size of the work with the statement that the volume of fire, tornado and sprinkler leakage premiums collected each year in Cook county is greater than the total collections in any one of 36 states.

The Chicago Board costs over \$400,000 a year to maintain, its income being from assessments on premiums collected. There are now 210 company members and more than 8,000 individual members of all classes. There are 165 firms and 325 individuals listed among class 1 members who have the power to vote; approximately 3,000 class 2, or neighborhood, insurance agents listed; 3,300 class 3 members, or brokers; 750 class 4, or down town real estate agents, and 1,500 non-resident members, known as class 5.

Mr. Palmer spoke highly of the Fire Insurance Patrol, terming it one of the best in the country. It costs approximately \$440,000 a year to maintain, this expense being met by fire companies. He made the significant statement that in his belief, the present commission and brokerage rules of the board are being observed 80 to 85 percent by members. Mr. Palmer estimated 1931 fire premiums in Cook county would be more than \$22,000,000 as against \$24,700,000 in 1930 and \$28,500,000 in 1929.

Mrs. Caroline Schad, mother of Fred C. Schad, secretary the Western Insurance Bureau, is dead.

L. M. Risley has resigned as a Class 1 agent from the Chicago Board and his resignation has been accepted.

H. J. Manning, chief engineer town report and classification department of the Ohio Inspection Bureau, is still confined to his home. Mr. Manning suffered a broken leg while testing a fire engine in Sandusky last June. His leg has mended slowly.

CHANGES IN THE FIELD

Voorhies Made General Agent

New Jersey State Agent of Fireman's Fund Group Given Supervision of Middle Department

F. C. Voorhies, New Jersey state agent for the Fireman's Fund group for the past 12 years, has been appointed general agent of the companies with supervision over the middle department. He will make his headquarters with C. C. Hannah, manager of the eastern department in Boston, to which city Mr. Voorhies will remove Jan. 1.

After getting his initial underwriting experience with the Fire Association of Philadelphia, Mr. Voorhies joined the staff of the Schedule Rating Office in Newark, later becoming state agent in New Jersey for the Fireman's Fund, Home Fire & Marine and Occidental Indemnity.

L. W. Phelps

Laurence W. Phelps has been appointed special agent for the Travelers Fire in Virginia, with headquarters in the Richmond branch office, where he will be associated with John A. Gibson, manager for the fire company in Virginia.

Mr. Phelps has been connected with the Travelers Fire since 1928, following his graduation from Wesleyan University. Since that time he has been in the underwriting department at the home office.

New officers of the Welles-Bowen Company in Toledo O., are Wm. B. Welles, president; George D. Lehmann, vice president; Udo A. Luelleman, secretary treasurer; Emil Kinerim, secretary treasurer, and R. T. Brown, manager casualty department.

Chase with National Union

Veteran Special Agent for the Sun Changes His Affiliation in Missouri

J. Carl Chase has been appointed state agent for the National Union with headquarters in the Cotton Belt building in St. Louis. Mr. Chase is a native of Missouri. He has been connected with the Sun in Missouri for 16 years, his headquarters having been in Canton, Mo. Before that he represented the American Central in the field for several years.

F. W. Holly

F. W. Holly, assistant manager for the Travelers Fire, Jacksonville, Fla., has been promoted to manager there.

Mr. Holly joined the Travelers Fire in 1926, and after completing the home office training school course was assigned as a special agent in Atlanta, Ga. He went to Jacksonville early in 1929 and in May of that year was made assistant manager.

NEW YORK NEWS

BROOKLYN BROKERS HEAR MOWRY

Benjamin R. Mowry, manager of the Central Bureau, was the speaker at the meeting this week of the Brooklyn Insurance Brokers Association.

H. G. Ellis, Jr., was the selection of the nominating committee for president. The elections will be held at the annual meeting Dec. 23. H. L. Heistad is slated for vice-president; J. L. Schneider for secretary; Herbert Marker,

treasurer; Charles Reppa, chairman of the executive committee; and M. L. Nathanson, J. J. Canning, George Rilling and J. H. Helstrom, members of the executive committee.

AGENCY LEADERS EXPECTED

A large delegation of leaders in the agency ranks, headed by President W. B. Calhoun and C. L. Gandy, chairman of the executive committee, National Association of Insurance Agents, is expected in New York during insurance week, beginning Dec. 7. Among those who will be on hand are F. L. Gardner, Poughkeepsie, N. Y.; E. J. Cole, Fall River, Mass.; G. W. Carter, Detroit; Frederick Hickman, Atlantic City; F. J. Lewis, Milwaukee, and T. C. Moffatt, Newark.

Day Back From Trip

George Z. Day, assistant general agent of the Tokio, and vice-president of the Standard of New York, has returned from his annual fall trip through the agency field. In the course of his three weeks' absence from New York Mr. Day went as far north as Minneapolis, thence south to Dallas, returning home via Atlanta and other southeastern centers.

Fireman's Fund Conference On

SAN FRANCISCO, Nov. 25.—The annual department managers' conferences of the Fireman's Fund group is being held in San Francisco commencing today instead of in February as formerly. Among those attending are Charles C. Hannah, manager eastern department, Boston; S. M. Buck, manager western department, Chicago; Charles A. Bickerstaff, manager southern department, Atlanta.

The County Fire of Philadelphia has been licensed in Canada with H. C. Bourne, Montreal, as Canadian chief agent.

AMERICAN AUTOMOBILE INSURANCE COMPANIES

SAINT LOUIS

Offer the facilities of Branch Office service for the convenience of AGENTS and BROKERS at the following strategic locations, each servicing surrounding territory:

BOSTON

Boston Insurance Exchange,
W. D. DUTTON, Manager

CHICAGO

A2123 Insurance Exchange, South,
C. M. KINNEY, Resident Vice-President

COLUMBUS

513 First Citizens Bldg.,
R. I. TAYLOR, Manager

DETROIT

1717 First National Bank Bldg.,
R. Z. ALEXANDER, Manager

INDIANAPOLIS

210 Continental Bank Bldg.,
M. W. DOYLE, Manager

LOS ANGELES

200-724 South Spring St.,
D. R. SESSIONS, Resident Vice-President

MILWAUKEE

212 W. Wisconsin Ave.,
C. M. LATTI, Manager

NEWARK

1005 Chamber of Commerce Bldg.,
CARLTON HINES, Manager

NEW ORLEANS

1227 Hibernia Bank Bldg.,
J. J. GREVEMBERG, Manager

NEW YORK

21st Floor, 90 John St.,
R. S. CHOATE, Resident Vice-President

PHILADELPHIA

329 Walnut St.,
J. R. HUGHES, Manager

SAN FRANCISCO

301 Adam Grant Bldg.,
GEO. E. ADAMS, Resident Vice-President

INSURANCE ON AUTOMOBILES EXCLUSIVELY

SINCE 1911

A SERIOUS fire hazard existed in a wood-working plant, where frequent traffic between sections of the building required open doorways ... Upon the White Fireman's advice, the owners installed fire doors that automatically close under abnormal temperatures. Thus, the threat of fire spread was minimized, and the insurance rate was reduced.



*The White Fireman symbolizes the loss-prevention engineering service supported by insurance companies to reduce loss-hazards. It comprises consultation, inspection of property, testing by the Underwriters' Laboratories, etc.

WHITE FIREMAN Service may be secured through responsible insurance agents or brokers. Ask your North America Agent. He is listed in Bell Classified Telephone Directories under the heading ... Insurance Company of North America.

The combined Assets of the North America Companies are over \$117,000,000.00



The Insurance Company of North America

PHILADELPHIA

The Oldest American Fire and Marine Insurance Company—Founded 1792

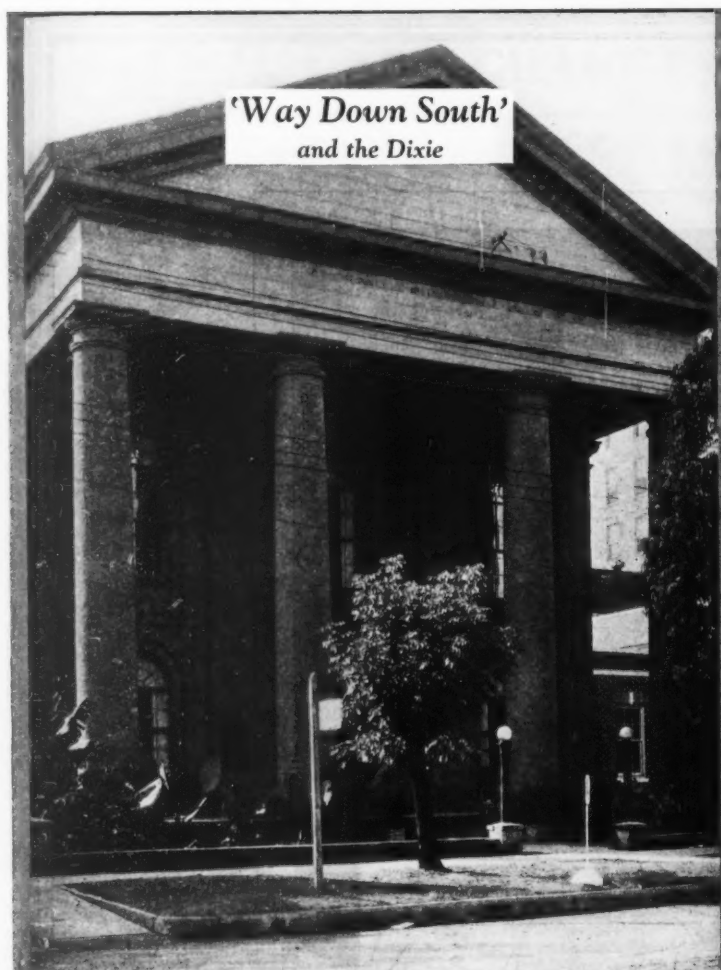
and its subsidiary companies:

ALLIANCE CASUALTY COMPANY
THE ALLIANCE INSURANCE CO. OF PHILA.
CENTRAL FIRE INSURANCE COMPANY
INDEPENDENT INS. CO. OF NORTH AMERICA
NATIONAL SECURITY FIRE INS. CO.
PHILADELPHIA FIRE & MARINE INS. CO.

write practically every form of insurance except life

IN occupancies where a hot, rapidly-spreading blaze is likely to occur, subdividing fire-walls, equipped with automatic, quick-closing fire-doors, are essential to restriction of damage.

Above is shown in reduced size and without the color of the original, a full page advertisement appearing in *The Saturday Evening Post*, November 28; *The Literary Digest*, November 28.



FIRST BAPTIST CHURCH, COLUMBIA, S. C.
The First Secession Convention met here in 1860. The outcome was the withdrawal of South Carolina from the Federal Union shortly before the War between the States.

COLUMBIA

South Carolina

IN 1786, when the site was largely forest land, Columbia was chosen for the capital of South Carolina, being founded by an act of the State Legislature, and the capital moved to Columbia from Charleston. This was done on account of the central location of Columbia, with its easy accessibility from all parts of the state. In 1805 it was incorporated as a village, and in 1854 Columbia received a city charter.

During the War Between the States, a fire destroyed most of the city. The University of South Carolina, founded in 1801, was used as a hospital by the Confederate government until the close of the War.

After the cessation of hostilities, Columbia rapidly recovered its prosperity. Today, with a population of 72,000 in Metropolitan Columbia, the city is noted for its wide, tree-shaded streets, and for its fine public buildings. Its educational institutions include six colleges, three high schools and nine elementary schools. A \$1,500,000 U. S. Veterans' hospital has recently been allocated to Columbia, with work to start about Jan. 1.

Columbia is the center of a rich agricultural district, while extensive forests abound nearby. Cotton goods, cotton oil, fertilizer and machinery are its principal products, the total of which is approximately \$30,000,000 yearly.

The DIXIE
FIRE INSURANCE COMPANY
Greensboro, N. C.
Organized 1906
Surplus to Policyholders \$1,186,927.14
ONE OF THE AMERICAN GROUP

Earthquake Rate Cut Is Approved

(CONTINUED FROM PAGE 5)

county. He said many underwriters believe a much greater earthquake hazard exists in Los Angeles county.

The Board's executive committee proposal which has received approval is for the following additions to the earthquake tariff rules and rates, applicable only to buildings located in the city and county of San Francisco:

(a) Earthquake damage assumption endorsement.

(b) Rates to be charged for attachment of the earthquake damage assumption endorsement to the fire policy, based upon the inclusion of the 70 percent average clause, are to be as follows:

Class of Risk	Rate	Mandatory Deduction
I . . . . .	.15	5%
II Superior Class "A" . . . . .	.25	5%
III Superior Class "B" . . . . .	.30	5%
IV Frames . . . . .	.35	5%
V Ordinary Class "A" . . . . .	.35	5%
VI Ordinary Class "B" . . . . .	.40	5%
VII Class "C" . . . . .	.75	10%
VIII All Others	2.50	15%

(c) If fire policy to which endorsement is attached is written for term, the additional premium for said endorsement may be computed on the basis of two annual premiums for three years.

(d) All other rules, privileges, credits, charges, etc., in the present earthquake tariff to remain and to apply to insurance written in accordance with paragraphs (a), (b) and (c).

(e) Fire policies in force may be endorsed as above described to include earthquake coverage for the unexpired term of the fire policy at pro rata of the full term rates.

Nathan G. Burgster Brings Out New Plan for Rating

(CONTINUED FROM PAGE 5)

effect on losses. The plan provides only a general recognition of building combustibility in the hazard rate, and omits all charge for deficient thickness of masonry walls and makes no distinction as to kind of masonry.

The treatment of height, area, floor openings and quick-burning contents as factors militating against the effectiveness of exterior protection is a new idea, he explains. These four factors, referred to by Mr. Burgster as the "Four Horsemen" of rating, are recognized in the hazard rate by simple charges which differ in two important respects from any treatment heretofore accorded them. Instead of increasing as protection decreases, coming to a maximum in absence of protection, they diminish with protection and vanish with it. Instead of the unrelated charges found in present schedules, they are percentages of the hazard rate, recognizing that their importance depends on the hazard of the risk as well as on protection.

Final Rates

"The fallaciousness of making building rates," he said, "and then adding flat charges to obtain rates for contents is forcibly brought out by a discussion of the differences in susceptibility inherent in buildings of different classes of construction, with finish ranging from plain masonry, with no plaster or decorations up to cathedrals and theatres with mural paintings, molded plaster, wood carvings, altars, pipe-organs, stained glass windows, fixed upholstered seating, etc.

"The final rates for both building and contents are derived from the hazard rate, which includes everything that contributes to the total hazard, including all charges, credits and exposure. The hazard rate is the final rate for the risk, lacking only translation into terms of susceptibility. Building and contents rates are ratios of the hazard rate, but for convenience will be arranged in tables so that all that is necessary in arriving at final rates is to find the hazard rate in the table appropriate to the class of municipal protection and read off the

Arrangements for Barry Dinner Are Completed

Arrangements for the testimonial dinner for James Victor Barry, retiring third vice-president of the Metropolitan Life, by the insurance fraternity of the United States, at the Waldorf-Astoria in New York City, the evening of Dec. 9, are completed. Chairman Henry F. Tyrrell of the general committee in charge says there is no doubt that this dinner will be the outstanding feature of the great gathering of insurance men in New York City the week of Dec. 6.

Chairman Clarence C. Klocksin of the committee on invitations reports a surprisingly large number of early reservations for places, and estimates a probable attendance of at least 750.

To the list of speakers heretofore announced, representing each branch of the insurance business, besides high state officials, the name of E. M. Allen, president National Surety, has been added.

Included in the incidental features of the dinner will be a special appearance of Cecil Arden, formerly of the Metropolitan Opera Company, who will sing a number, accompanied by the Ben Bernie orchestra, which has also been engaged for the occasion.

Mr. Tyrrell urges recipients of invitations to send reservations and remittances for tickets at once to Mr. Klocksin, in care of the Waldorf-Astoria, to secure seating assignments and to assist the committee on arrangements, under Chairman Jesse S. Phillips, to perfect the many details.

Because of the certainty of an unusually large attendance, the invitations to the dinner have been restricted to men.

building and contents rates according to the classified susceptibility of each item."

The final-rate tables are graduated as to exterior protection so that the greatest relative difference between building and contents is found in first class and the least at the other extreme, tenth class.

The susceptibility grades are divided into minus and plus grades, the plus grades producing rates higher than the hazard rate and the minus grades lower. The plus grades apply to contents and the minus grades mostly to buildings, though a few classes of contents are entitled to minus grades.

Conclusion

Mr. Burgster ends the presentation of his plan with the following remarks:

"This schedule plan is offered to the fire insurance business because there is real need for a schedule based on true analysis of fire hazard, and for its country-wide application in place of the present heterogeneous assortment of schedules, none of which is wholly satisfactory.

"The suggested plan for developing this schedule calls for its submission to the judgment and criticism of all those in the business who are competent to review it intelligently, which may confidently be expected to insure that no new principle will be adopted unless its soundness is proved, and that none of the errors of present schedules is perpetuated.

"That such a consensus will in the main constitute a ratification of the principles of the schedule is within reasonable expectation, because they have not been hatched out overnight but are the result of many years' study of rating problems—years that have afforded numberless opportunities for testing, selection, rejection and verification."

The **Fraternal Digest** will answer for you practically any question regarding the forms of insurance issued by the Fraternal Societies and Mutual Life Associations. Single copy, \$2. Order from The National Underwriter.

NORWICH UNION

AGENTS
value the dependability
and nationwide prestige
of the
NORWICH UNION
based on a long and
honorable record of
service

NORWICH UNION FIRE INSURANCE SOCIETY, LTD.

75 Maiden Lane, New York

Hart Darlington, Manager

Eagle Fire Company of NEW YORK

Incorporated 1806

75 Maiden Lane, New York

Hart Darlington, President

The Oldest New York Insurance Company

NORWICH UNION INDEMNITY COMPANY

75 Maiden Lane, New York

Hart Darlington, Chairman of the Board

H. L. Callanan, President & General Manager

In NORWICH UNION there is strength

COMPANIES

PERSONAL SIDE OF BUSINESS

H. B. Savage, chief of the conservation department Arkansas Fire Prevention Bureau, and dog fancier extraordinary, has added to his winnings on "Jiggs," wirehaired terrier. "Jiggs" won recently at Wichita, Kan., and last week at Kansas City. The animal will also be exhibited at Cedar Rapids, Ia., and New Orleans. Mr. Savage says his "Jiggs" wins the ribbons wherever shown.

George A. Stickney, Boston, special agent for the Central Manufacturers Mutual of Van Wert, O., in Massachusetts, Maine, New Hampshire and Vermont, visited his old haunts in Chicago last week. Mr. Stickney started in business with the old Chicago local agency of Moore & Janes. He acted

as a broker, being connected with the Manchester Fire office and later with the western department of the Connecticut Fire when J. J. McDonald was manager. He traveled in the field for the Calumet and then went to Boston, establishing himself as a broker. He is a native of Maine. He attended the annual round up of the field men of the Central Manufacturers at its head office last week.

Samuel Levin of the Chicago law firm of Silber, Isaacs, Silber & Woley is retiring from this organization and will conduct his own law practice after Dec. 1 in his newly established offices at 105 South La Salle street, Chicago. Timothy J. Murtaugh, who has also been with that firm will be associated with

Mr. Levin. Mr. Levin is well known to the insurance fraternity, having lectured to the Insurance Institute under the auspices of the Chicago Board and also at Northwestern University. He began his law practice 18 years ago, the last eight years specializing in insurance litigation. His activities on trial cases extended through Illinois, Iowa, Indiana, Missouri, Wisconsin and Michigan.

Prior to becoming a member of the Chicago law firm he was prosecuting attorney at Danville for five years. He will continue to specialize in the handling of insurance litigation for insurance companies.

Edward S. Foltz, manager of the loss and farm departments of the American of Newark's western department at Rockford, Ill., is slowly recovering from serious injuries received in an automobile accident two weeks ago. Pending his return, his duties are being taken care of by Karl P. Theimer, Minnesota state agent.

E. L. Karrer, stamping secretary at Wheeling, W. Va., was married at St. Joseph's Cathedral in that city to Miss Marianita Truschel. Rev. Father Edwin Yahn read the marriage ceremony. Mr. and Mrs. Karrer went on an eastern motor trip for their honeymoon.

E. H. Sherley, Tennessee state agent for the Home of New York, died Tuesday morning.

Guy R. Farris of Durham & Farris, Conway, Ark., has been elected president of the chamber of commerce in that city. He served two terms as president of the Arkansas Association of Insurance Agents and has been active in civic affairs.

Charles K. Yungman, 66, senior member of Platt, Yungman & Co., old time Philadelphia insurance agency, died last week after a brief illness. He had been in the insurance business in Philadelphia for more than 50 years and was long active in agents' activities. He was one of the members of the original committee of seven of the Philadelphia Association of Insurance Agents that negotiated with the Eastern Underwriters Association territorial committee on a new agency agreement for Philadelphia. He was long active in the Philadelphia Board.

Joseph M. Byrne, Jr., vice-president of the Merchants & Manufacturers Fire of Newark, has been elected a New Jersey assemblyman on the Democratic ticket.

Agents, I. U. B. to Hold Conference

(CONTINUED FROM PAGE 3)

V. Smith, vice-president Home; P. B. Sommers, vice-president American of Newark; Alfred Stinson, vice-president Automobile; Harold Warner, United States manager Royal; R. H. Williams, vice-president Travelers; Edward Milligan, president Phoenix of Hartford, as president of the Eastern Underwriters Association; McClure Kelly, president Pacific Board; J. H. Hines, president Southeastern Underwriters Association, and J. F. Stafford, chairman governing committee Western Underwriters Association.

The company membership of the Interstate Underwriters Board automatically embraces all companies belonging to the four sectional fire governing bodies of the country, and numbers some 250 in all.

At the conclusion of the joint conference next Thursday the governing committee of the I. U. B. will hold its regular meeting, the annual gathering of the bureau taking place the following day.

Home F. & M. Dividend

The regular quarterly dividend of 5 percent or 50 cents per share on capital stock of Home Fire & Marine was declared by the directors at a meeting Nov. 24.

INSURANCE STOCK QUOTATIONS

By H. W. Cornelius of Morrison & Townsend, 208 South La Salle St., Chicago, as of Nov. 23

Stock	Par	Div. per Share	Bid	Asked
Aetna Cas.	10	1.60	42	47
Aetna Fire	10	2.00	35	37
Aetna Life	10	1.20	24	26
American, N. J.	5	1.00	12	14
Amer. Surety	25	1.00	21	23
Automobile	10	1.00	20	22
Baltimore Amer.	5	.80	8	9
Boston	100	16.00	325	350
City of N. Y.	100	16.00	160	180
Continental Cas.	10	1.60	16 1/2	18
Continental	10	2.40	25	27
Fid.-Phenix	10	2.60	28	30
Fire Assn.	10	1.60	10	12
Fireman's Fund	25	5.00	58	59
Fireman's	10	1.20	12	14
Franklin	5	1.60	16	18
Globe Falls	10	1.60	37	40
Globe & Rutgers	100	20.00	290	315
Great Am. Fire	10	1.60	17	19
Great Am. Ind.	10	1.60	12	14
Hanover	10	1.60	19	21
Harmonia	10	1.80	17	19
Hartford Fire	10	2.00	40	42
Home, N. Y.	10	2.00	18	20
Homestead	10	1.30	11	13
Ins. Co. of N. A.	10	*2.50	37	39
Lincoln Nat. Life	10	*2.50	48	50
Mo. State Life	10	...	9	10
National Cas.	10	1.20	12	14
National Fire	10	2.00	38	40
National Liberty	5	.50	4 1/4	5 1/4
National Surety	10	2.00	17	19
National Union	100	...	46	52
New Brunswick	10	1.80	16	18
New Hampshire	10	2.00	38	42
North River	10	2.00	21	23
N. W. National	25	5.00	90	95
Occidental	10	...	12	13
Peoples National	5	.50	3 1/4	4 1/4
Phoenix, Conn.	10	2.00	47	49
Prov. Wash.	10	2.20	31	33
Rossia	10	2.20	9	11
Springfield F. & M.	25	4.50	71	76
St. Paul F. & M.	25	6.00	120	125
Sun Life	100	25.00	550	625
Travelers	100	*22.00	510	530
U. S. Casualty	25	4.00	15	20
U. S. Fire	10	2.40	29	33
U. S. Fid. & Guar.	10	...	7	9
U. S. Mer. & Sh.	100	16.00	185	210
Westchester	10	2.50	25	27

*Extra dividend paid.

Stock People Stirred by Advertisement of Mutuals

Stock insurance people are much stirred over an advertisement sponsored by the Federation of Mutual Fire Insurance Companies which appeared in the "Saturday Evening Post" inferentially seeming to claim that the new \$10,000,000 Philadelphia department store of Strawbridge & Clothier is completely covered against fire in mutual companies.

"New \$10,000,000 store mutually insured," the advertisement states. "Climaxing 63 years of service to Philadelphia, a new Strawbridge & Clothier store, with over 20 acres of floor space and representing an investment of \$10,000,000 will open shortly."

"This most modern of department stores is protected against loss by fire under mutual insurance policies."

The truth of the matter seems to be that about \$1,500,000 of the insurance on stock and building is carried in the mutual companies. The Strawbridge & Clothier store put out a statement to the effect that more than 90 percent of the fire insurance is written in old line stock companies through the Williams & Walton agency. The department store said it had not seen an advance copy of the advertisement and disclaimed responsibility for any misleading statements therein.

Opening Norfolk Office

BALTIMORE, Nov. 25.—The Charles T. Smith Co., adjusters, with main office in this city, will open an office at 408 Bankers Trust building, Norfolk, Va., Dec. 1. Clem Deck, formerly of Norfolk, has been appointed manager. Mr. Deck has been an official of the Smith company in full charge of the loss work.

The **Sussex Fire** of Newark, one of the Eagle Fire group, has been licensed in Iowa and Kansas.

Robbing Peter to Pay Paul doesn't pay

FALSE economy is expensive. In this prevailing retrenchment period many pennies are saved, but dollars, unfortunately, are lost.

Dollars are lost, Mr. Insurance Agent, when your client foolishly cuts down insurance on his property without first determining just how much insurance is actually needed to give the necessary and proper protection. In most cases insurance is cut too much and if a loss occurs your client loses.

This is when a Lloyd-Thomas appraisal is needed because it gives detailed information about present day prices, which really aren't as low as so many believe, and shows exactly the amount of insurance needed.

Don't take chances, Mr. Agent, with clients who reduce insurance to save money—in most cases the property is left underinsured. It is up to you to insist on sufficient protection. There is no better way of determining this than by means of a Lloyd-Thomas appraisal. Let us help you meet the argument of reducing insurance. Your inquiry places you under no obligation.

What is an Appraisal?

It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

Its Advantages

1st—It discovers insurable values that have long been written off the books through unscientific depreciation. 2nd—It gives the agent, the assured, and the companies value facts of property. 3rd—It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

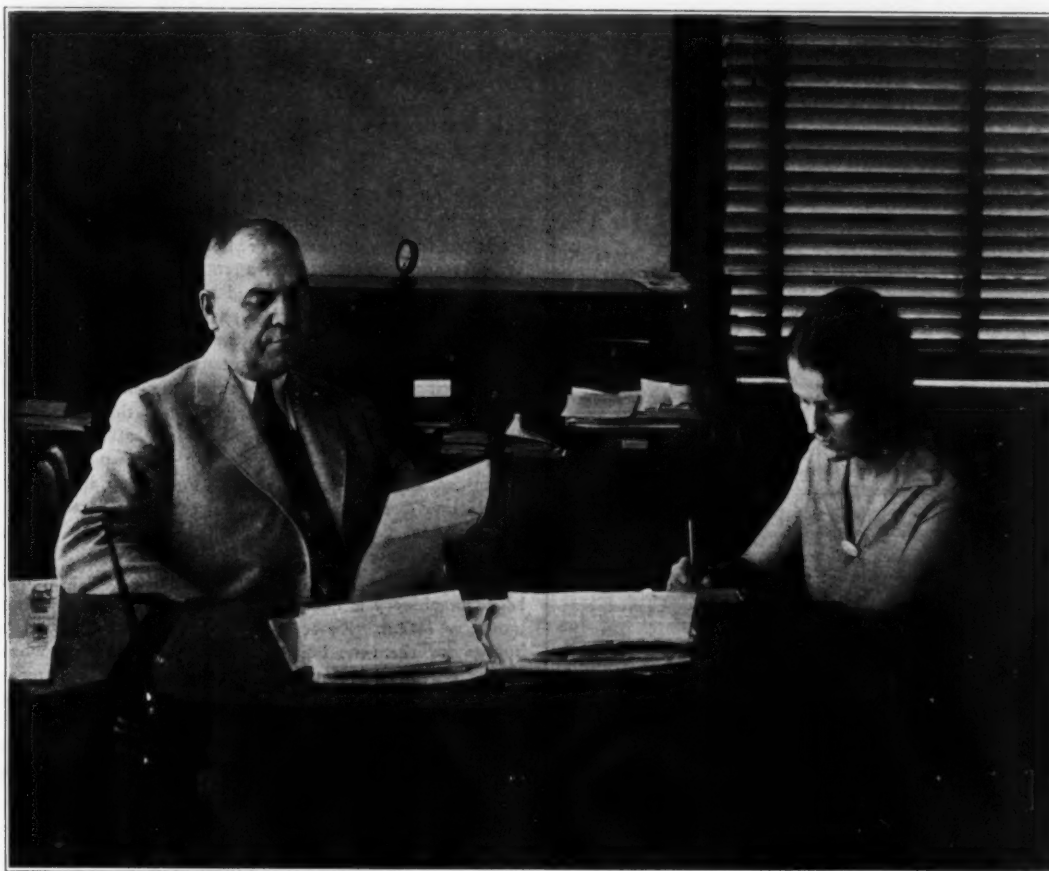
The Lloyd-Thomas Co.



SAN FRANCISCO
DES MOINES
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MINNEAPOLIS
CINCINNATI

CHICAGO NEW YORK
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BERLIN, GERMANY
LONDON, ENGLAND

MEMPHIS
DETROIT
MILWAUKEE
SEATTLE
LOS ANGELES
ST. LOUIS
DENVER



John Smith, Agent

Any Protected City

Dear Mr. Smith:

Thank you very much for your recent inquiry. I am glad to say that we can grant your request and extend additional capacity to your agency because of the splendid reinsurance facilities we now have. We can give you almost unlimited capacity on preferred risks like the one you mention.

Yours very truly,

ANY DIRECT-WRITING INS. CO.



INTER-OCEAN REINSURANCE COMPANY

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REINSURANCE ONLY—FIRE, TORNADO AND AUTOMOBILE

THE NATIONAL UNDERWRITER

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C. M. CARTWRIGHT, Managing Editor
LEVERING CARTWRIGHT, Asst. Managing Editor
FRANK A. POST, Associate Editor
CHARLES D. SPENCER, Associate Editor
DALE R. SCHILLING, Associate Editor

PUBLICATION OFFICE, 1946 Insurance Exchange, CHICAGO. Telephone Wabash 2704
CINCINNATI OFFICE, 420 E. Fourth St., Telephone Main 5781. RALPH E. RICHMAN, Manager
ABNER THORP, JR., Director Life Insurance Service Dept.

NEW YORK OFFICE

803-123 William St., Tel. Beekman 3-3958
GEORGE A. WATSON, Associate Editor

DETROIT OFFICE

1015 Transportation Bldg., Tel. Randolph 3994
A. J. EDWARDS, Resident Manager

SOUTHEASTERN OFFICE—ATLANTA, GA.

204 Atlanta National Bank Building
W. J. BATH, Resident Manager

NEW ENGLAND OFFICE

139 Summer St., Weymouth, Mass., Tel. Wey. 2158-R
J. M. DEMPSEY, Resident Manager

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Associated
Business Papers



Some Remedy Is Needed

LOCAL agents are spending from 50 to 75 percent of their time trying to collect money from people they have insured. In addition some of the people in their office are giving considerable time to this same work. The time of field men given to collection of unpaid balances from agents is 50 percent of the period given to their work. The work of field men is being supplemented by others at headquarters who are trying to make collections.

Altogether this is a sad and sordid story. It betokens tremendous waste of time, energy and money. When any line of business is forced to give 50 percent or more of the time of those engaged in production work in collecting what is due there is something wrong with the system followed. To our mind this is a major problem for companies other than life to solve. Life insurance is written on a cash basis. That is, a policy is not delivered until it is paid for. There may be credit extended in different ways but at least the assured is compelled to obligate himself for some form of settlement. Very few agents and companies will deliver a life policy unless the first quarter or semi-annual premium is paid in cash and a note taken for the rest.

At one time the hail insurance business was on a cash basis. When the application was taken the premium was paid. The assured did not expect credit. There were not very many companies in the hail business and a farmer desired his crops protected. He could not get insurance unless he had the money. Therefore the collection problem was a very easy one. As time went on more companies and more agents got into the hail insurance field and in competition the credit system used in fire insurance soon prevailed.

These are days unique and abnormal. Even the oldest person living has never

seen their like. Agencies that have paid their balances promptly before now find themselves confronted with bank suspensions in their community and it is impossible to raise the money. Just the other day so good an agent as SAM T. MORRISON of Iowa City wrote THE NATIONAL UNDERWRITER that his office for 50 years had never been delinquent in its payment of balances. He is overwhelmed with bank suspensions and cannot collect from the assureds. Many business men that have paid their bills promptly in days gone by find their enterprises prostrate. They cannot raise money. They cannot sell their goods. Even taking however the strikingly unusual conditions in the country, there is something radically out of line with the way fire and casualty insurance credit is extended.

JAMES L. CASE of Norwich, Conn., redoubtable and forceful, started a campaign to try to get the automatic cancellation clause introduced in policies, providing that a policy will be automatically canceled if the premium is not paid within a certain time. That would be the easiest way out were it not for the standard policy law which is in vogue in a number of states. That seems to be an obstacle toward the practical working out of the CASE plan. Some officials have given the opinion that an agent has the right to attach an endorsement to a policy using the wording that Mr. CASE suggests. Whether this is entirely legal remains to be seen. We have not heard its legality having been established.

There are probably some practical steps that can be taken. In the first place there are hundreds of local agencies that find themselves embarrassed today whose business affairs have not been conducted systematically and efficiently. They have been lax in the way they have made collections even in normal

times. They have always been behind. They have been the offices that have gotten business frequently by offering and suggesting longer credit in order to attract clients. They probably have listened to the companies that were willing to grant longer term for the payment of balances to beguile agents to their fold. Some of the newer companies in the field and those that were ultra eager for business have led agents astray by this pitfall.

After all the best friends that the agents have are the companies that are exacting in the payment of balances. When companies insist that agents collect their premiums closely and not allow too extended credit and pay their balances promptly, it means that such agencies are forced to so systematize their work and office machinery that the outstanding accounts are reduced to a minimum.

In the next place local boards can do something in the way of creating more satisfactory credit terms in their community. Mr. CASE in some of his addresses has stated that this is not satisfactory in the long run because the local board machinery is likely to break down under a strain. However some local boards for the time being have formulated a collection program that has worked out far more satisfactorily than having every agent out for himself. Any system of improved collections must have the local board as a unit. Local agents as a whole must agree to the plan. The local board machinery must be used in carrying out the project. If people in a community begin to realize that they have to pay for their insurance on time they will do it. The trouble is that many assureds pass by their insurance premium bills, thinking that there is no great hurry about them. They do

not look upon their insurance bills as they do bills for food, clothing, gas, electric light, heat, etc. In other words insurance is not classified as a necessity when it comes to paying bills. If, therefore, some method can be worked out the jurisdictional company organizations can take hold of the subject, lend their support and commanding influence to local agents and especially organized local agents.

We have the sad spectacle today of hundreds of thousands of dollars in premiums being outstanding which perhaps will never be paid. Companies have put up the reserve on these premiums. Many of the risks which are really being carried free will burn. A policyholder who has not paid his premium during a reasonable time always wants his loss paid immediately. Companies, therefore, in making up their Dec. 31 statements will be forced to carry from two to three times as much in outstanding uncollected premiums over 90 days in arrears as usual.

In a nutshell this free insurance evil and this extension of long credit has become a stench in the nostrils of the insurance community. To attempt to get laws passed authorizing automatic cancellation would be a very difficult job, but some means should be taken to remedy a condition that has become intolerable.

The NATIONAL ASSOCIATION OF INSURANCE AGENTS has appointed a special committee, of which Mr. CASE is president, to delve into this subject of automatic cancellation and to endeavor to recommend some scheme that will minimize the free insurance evil. These men have a mighty task to perform and if they can evolve a course of procedure they will immortalize themselves in their line of business.

Why Not Percy Goodwin?

THE INSURANCE EXECUTIVES ASSOCIATION seems to be having difficulty in reaching a decision as to the proper man to secure for a manager or executive secretary, who will be the commanding power in the organization. Some of the leaders evidently desire a man of outstanding national importance and influence. It is even hinted that CALVIN COOLIDGE was approached to enter the lists. Other names carrying great weight over the country have been suggested. These men are not acquainted with the internal workings of insurance and its organizations. It would take such a man two or three years just to get his bearings. He would have to learn, at least in some part, the high spots of the business. Other men in the organization equally as prominent feel that it would be a mistake to secure even so conspicuous a figure as Mr. COOLIDGE but that some man who has an insurance background should be gotten.

In our opinion the man to head an organization of this character should have insurance experience. Even one of great judicial or statesmanship train-

ing would be embarrassed in endeavoring to harmonize interests, map out programs and make suggestions because he does not know the ins and outs of the business with which he is identified. A man, of course, must be resourceful and diplomatic. He must not be unyielding. He must know when to compromise, when to press and when to fall back. He must be a real student of human nature and possess in his makeup a gracious sense of humor. He must have a genuine political sagacity and astuteness. He must carry weight and have the confidence of company officials, directors of companies and the great army of producers. He must be a man of social presence, one who can hold his own with the best of those in the business. He must be impartial and as wise as the proverbial owl. He must have a background of successful achievement; must have been tried and not found wanting.

With all due respect and yet with great seriousness THE NATIONAL UNDERWRITER places in nomination PERCY H. GOODWIN. Do we hear a second to the nomination?

Plenty of Companionship

MANY people bewail their fate and yet after all what has happened to bring hard luck or disappointment to anyone has happened to someone else. There are no new experiences of a human nature. There

is a feeling of satisfaction in the thought that one has had plenty of company in the various dark hours through which he has passed. It is much easier to bear troubles when one is not alone.

OLDEST FIRE INSURANCE
COMPANY OF NEW JERSEY



In February, 1810, a mass meeting was held by "early candel-lighting" in the Court House where preliminary steps were taken to organize a fire insurance company among the citizens. A charter was granted to the first fire insurance company of New Jersey in 1811. This institution was of invaluable service in those early days. (Taken from Urquhart's History of the City of Newark, New Jersey.)

This record marks the birth and early days of the Newark Fire Insurance Company of today—still providing today sound indemnity after 120 years of good faith and experience and reliable financial security.



FIRE INSURANCE NEWS BY STATES

OHIO AND WEST VIRGINIA

Drive Made for Collections

Ohio Field Men Are Making Strenuous Efforts to Clear the September Accounts

The most strenuous efforts in history to collect September balances are now being made in Ohio. Delinquents are three or four times greater than normally and yet the September balances outstanding at the end of the year will be very small in proportion to the present number of delinquents, and very small in proportion to the number of agents in the state and the amount of business done.

Within the next three weeks the collection picture will be much clearer. Undoubtedly some agents are expecting to go to the banks to borrow money to pay September balances and they are going to be turned down. Both local and special agents are expecting more cancellations than usual due to collection failures. Many of the companies will not want to set up the necessary reserves for carrying unpaid agency balances, where there is no definite tangible evidence that the agency account and the customer account is to be cleared quickly.

Will Consider Past Record

The companies will be guided, it is believed, in their attitude toward delinquents, largely by the past record of the agent and the reasons for his present difficulty. If he has paid his balances promptly in the past; if he has established a reputation for careful handling of his clients' business, companies will undoubtedly consider well before taking any drastic action where agency funds and customer funds are tied up by bank failures or bank closings. If, however, the agent has been a chronic delinquent; if the present conditions only aggravate what has been a normal situation, it is not likely that the companies will be moved much by present conditions. Despite all unfavorable business conditions, at least 75 percent of agency financial difficulties are due to poor management rather than to conditions beyond agency control.

Lawson Seeks to Curb Evils

Unethical Insurance Practices in West Virginia Criticized by State Auditor—Wildcats Active

CHARLESTON, W. VA., Nov. 25.—Unethical insurance practices which E. C. Lawson, state auditor, is endeavoring to check in West Virginia, include solicitation of risks by unauthorized Lloyds and reciprocals, violation of the overhead writing law, fictitious automobile fleets and writing blanket covers on factories and mines in the state by non-resident brokers at rates less than those available to local agents.

Unlicensed Carriers Active

Mr. Lawson also calls attention to the activity of a number of non-licensed life and casualty companies "in flooding the state with circular matter, advertising in the newspapers and even using the radio" in an endeavor to attract business. While the department has largely suppressed newspaper advertising and partly use of the radio, it is powerless to prevent use of the mails and the aid of the public is asked in such connection. The West Virginia law forbids the sending of an application or a premium by any citizen of the state to a non-

authorized institution and in Auditor Lawson's opinion, if other commonwealths would enact similar statutes the evil would speedily end.

Non-Board Representation Hit

Cleveland Board Condemns Carriers That Plant with Outsiders—Favor Only Cooperating Companies

CLEVELAND, Nov. 25.—The Cleveland Insurance Board at its meeting last week adopted a resolution declaring that members of the board "look with disfavor on an insurance company which, while transacting any of the classes of business under the jurisdiction of such board, appoints or maintains for any of its departments an agent not a member of the Insurance Board of Cleveland; that we view the existence of such an agency as an evidence of lack of co-operation by such insurance company with the principles of the board," and "that we will encourage and favor only those companies which, while transacting any of the classes of business under the jurisdiction of the Insurance Board of Cleveland, give full and complete support to the principles of such board."

Plans for Future Meetings

A tabulation of opinions was presented on the questionnaire recently sent out in regard to the type of meetings to be held in the future. A majority indicated themselves in favor of strictly business programs with close attention to the many problems of the day. A preference was shown for the noonday meeting over the evening session. It was also suggested that the board invite casualty and surety men to the meetings from time to time. A greater discussion from the floor was likewise requested. These suggestions will be adopted.

Action Is Expected Shortly

Ohio Fire Insurance Men Are Watching Rate Deviation Schedules Now Being Filed

Ohio fire insurance attention is focused on the rate deviation schedules covering public buildings, particularly school buildings, which have been filed with the state. On the office desk of Superintendent Warner the third of these deviation schedules has been placed recently.

First the Merchants of Indiana offered to write a three-year policy for two and one-half annual premiums, one-third of the premium to be payable each year at a reduction under the regular schedules for the state. The plan also provided for the writing of a five-year policy at four times the annual rate, one-fifth payable each year. The plan further provided that the company would set up a reserve for each successive year and not upon the basis of the entire contract period. Thus a 50 percent reserve based on each annual payment was to be considered to meet the reserve requirements.

Other Companies Follow Suit

The action of the Merchants of Indiana was followed by the Central Manufacturers Mutual of Van Wert. But it was not until the Ohio Farmers filed a similar deviation schedule that insurance men began to look forward to an upheaval in the rate field unless the trend toward deviation could be stopped.

An investigation into the whole mat-

ter has been made by the insurance department and some action from the superintendent is expected shortly.

Expect Early Opinion as to Case of the Motorists Mutual

Within two weeks the attorney general of Ohio expects to give out his decision on the Motorists Mutual case. In a ruling given some time ago, the attorney general held domestic insurance corporations were not subject to the Ohio licensing law. The attorney general had a special hearing in his office after this ruling had been given, announcing that he would reconsider. A ruling would have been given from his office before this time but for the fact that almost the entire staff has been engaged on bank failure cases. The failures, particularly in Toledo, Youngstown, Canton and Dayton, within recent weeks, have taxed the personnel of the attorney general's office to the exclusion of all other matters.

Home Has Well Equipped Office

The Home of New York in Ohio now has large and well equipped quarters on the ninth floor of the Hartman building, Columbus. The eight men who supervise the field for the Home, take care of the farm business in Ohio and adjust its losses are all together in this building.

Frank Bell Visits Chicago

Frank R. Bell of Charleston, W. Va., former president of the National Association of Insurance Agents, was in Chicago last week and took in the Notre Dame-Southern California football game at South Bend, Ind.

Agency Sales Not So Numerous

Agency sales and transfers are not nearly so numerous in Ohio as they have been in the past. Agency purchasers are hard to find. They want to purchase, if at all, on the basis of actual renewals obtained, as they are unwilling today to buy the business in the hope of retaining premiums on the books and of increasing the business. Very few agents

are willing to sell on this basis unless they are compelled to do so.

Capt. Conway Back at Work

Capt. J. J. Conway, superintendent of the Cincinnati Salvage Corps, is now back on the job. He was away from his duties for eight weeks on account of a serious operation.

Ohio Field Clubs to Meet

The two Ohio field clubs will hold their next monthly meetings Dec. 1.

Results of Fremont Inspection

In the recent inspection held at Fremont, O., under the auspices of the Fire Prevention Association of Ohio, 220 risks were inspected, 181 were found defective, a percentage of 81 and 773 recommendations were made. Among the recommendations were added equipment by the fire department. W. J. Gilsdorf delivered the address at the luncheon and "Smoky" Rogers addressed the school children.

Ohio Notes

H. B. Koblitz, Cleveland, has incorporated his agency as H. B. Koblitz, Inc.

A. D. Graham of Prospect, O., has sold his agency to Edward F. Lauer.

Burt C. Capel of Salem, O., has sold his agency to T. R. Whinery.

Affairs of Insurall, Inc., Cleveland local agency, have been wound up by William R. Walsh, receiver.

Mrs. Blanche B. McMillan will continue to operate the E. M. McMillan Agency at Mt. Gilead, O.

George J. Young has purchased the interest of Thad E. Buck in the Mt. Gilead Insurance Agency, Mt. Gilead, O.

Frank J. Johnson of New Carlisle, O., died recently. The disposition of agency has not yet been determined.

The J. L. Dickensheets Agency, at Sidney, O., has been sold to Mrs. Ruth B. Emmons, who is conducting an insurance business there under the name of the Bennett Insurance Agency.

The Ohio Blue Goose has decided to forego its regular December dinner dance. Plans are now being made to celebrate the 25th anniversary of the pond at a special meeting in February.

Adam Lehr, engineer for many years with James & Manchester before it was consolidated with Owen, Crowell & Co. to form the Cleveland Insurance Agency, has resigned from the later company.

CENTRAL WESTERN STATES

Explain Detroit Resolution

Agents' Association Gives Reasons for Opposing Cut-Rate Replacements in Jewelry Losses

DETROIT, Nov. 25.—Four primary reasons why the Detroit Association of Insurance Agents recently passed a resolution condemning the practice of adjusters who replace lost jewelry at wholesale are set forth in a form letter for transmittal to companies that have written the association asking it to explain its stand on the matter.

Officials of a large number of the companies represented by members have assured officers of the association that they are heartily in accord with the association's stand but several wrote in for a further explanation. The letter reads in part:

Four Reasons Listed

We are opposed to this practice because:

1. We have found definitely in Detroit that it teaches the merchants to obtain a discount on insurance where it is possible to do so. The stock companies are selling the high priced quality article and their agents are forced to get it in competition with the second grade low priced articles. We have found it dis-

ruptive to stock company business to pursue second grade tactics in handling a quality article.

2. One of the companies has stated that rates are based on replacements at a discount and if this practice were abolished, rates would have to be raised. This statement is not a fact, as the leaders in the jewelry insurance business, for instance, have never pursued the practice of making replacements at a discount but have always either paid cash or replaced where the assured wished.

3. The leading companies in the business on jewelry insurance and many of the leading automobile writers have found it to their best interests to either pay cash or replace through a source satisfactory to the assured. It is subversive to the good will of the insurance business to have many of the companies using the replacement clause as an active, common practice instead of simply a protection in the event of an obviously peculiar loss.

4. As a specific instance of the abuses which we are attempting to remedy, we found many jewelry insurance replacements being made through an upstairs jeweler whom the companies themselves refuse to write for a jewelry block policy. The attempt to get high discount, cheap replacements on jewelry insurance is driving a great deal of this business off of our books.

Col. H. A. Pickert, collector of customs, spoke at the last meeting on

LOYALTY GROUP

TRUE OPTIMISM

True Optimism is Faith; Faith in Humanity; Faith in the Nation; Faith in its Institutions; Faith in Yourself; Faith in the Present; and Faith in the Future.

False Optimism is Hope based on Desire.

Pessimism is compounded of lack of Faith in all that True Optimism is founded upon, and is acknowledgment of unbelief in self, too often coupled with the wish to profit through the misfortunes of others.

History, that Just Judge of Humanity, reads the record and inexorably records the verdict.

The Verdict is, always has been, and always will be that True Optimism is justified and its results proven; that False Optimism cannot last because of its unsound foundation; and that Pessimism cannot prevail, but must ever fail because of its inherent untruth and viciousness.

History records that the world progressed, and was in every way better and more prosperous in the year 100 than in the year 1 A. D.; History records that the world progressed, and was in every way better and more prosperous in the year 1000 than in the year 100 A. D.; History records that the world progressed, and was in every way better and more prosperous in the year 1900 than in the year 1000 A. D., and History will continue to record the progress of the world, and this record will show the year 2000 in every way better and more prosperous than the year 1900 A. D. It is reasonable to believe, and it is wise to believe, and most people do believe that the year 1931 will be in every way better and more prosperous than the year 1930. Voice, therefore, your belief by word and act and aid it to come true in fullest measure.

Almost two thousand years ago a wise teacher and leader of men said:

"Now Faith is the substance of things hoped for, the evidence of things not seen".

Today Faith is as then. Today, as then, True Optimism is Faith. Thinking men must be and are True Optimists. That individuals have suffered misfortunes in the past and many have succumbed, and that individuals will suffer misfortunes in the future and more will succumb, cannot be denied, but such misfortunes, however hard for the individuals, are after all individual misfortunes and will not, in fact cannot stay the world march of progress and prosperity.

Do not be ashamed of your True Optimism, and do not be afraid to express it because you fear some pessimist may ridicule it and tell you that some day he will say "I told you so". Have courage and make known your True Optimism by voice and deed; make known your Faith in Humanity; make known your Faith in your Nation; make known your Faith in the Future; make known your Faith in Yourself; and make known your Faith that the tide has turned and that Prosperity has its hand stretched to knock at the door, and will surely enter if we but heed it, instead of harkening to cowardly fear.

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LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

"BELIEVE NOTHING YOU HEAR

AND

HALF OF WHAT YOU SEE"

ACCORDING TO THE OLD
ADAGE

IF THAT IS YOUR
BELIEF
THEN YOU ARE
CHALLENGED
TO MAKE US
PROVE
THE STATEMENT
THAT

"RAMEY SERVICE"

THE STANDARD OF
THE INSURANCE FIELD
IS
UNSURPASSED

Our Motto

"We help agents help
themselves"

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"Smuggling" and considerable time was devoted to a discussion of the proper adjustment of compensation claims.

Jan. 19 Selected as Date for Indiana Insurance Day

Jan. 19 was selected for the next Indiana Insurance Day at a meeting in Indianapolis Monday of the general committee, of which Ralph L. Colby, Indiana manager of the Franklin Life, is general chairman. It was decided to have divisional meetings as in the past for life and for fire and casualty programs, with a banquet on Tuesday evening. A get-together dance will also be given on Monday evening as in the past. It was decided to reduce the registration fee so that those who wish to attend the educational sessions may do so without being obligated to purchase banquet tickets.

Committee chairmen were appointed as follows: Registration, J. W. Stickney; speakers, C. F. Merrell, attorney, and P. W. Simpson, Aetna Life; reception, E. M. Sellers, Indiana Inspection Bureau, and R. H. Hubble, Massachusetts Mutual Life; publicity, Herbert L. Barr, Alliance Fire, and L. C. Kigin, Terre Haute, New York Life; finance, Russell B. Byers, American Central Life, and Frank P. Manly, Indianapolis Life; entertainment, L. W. Bass, Franklin Life.

Another meeting will be held next Monday to which will be invited the officers of life underwriters associations outside of Indianapolis and the officers of some ten other bodies affiliated with the Indiana State Insurance Federation. Encouraging pledges of support have been received from large bodies of underwriters and a goal of 1,300 has been set for attendance.

Death of Veteran Agent

J. A. Clevenger of North Manchester, Ind., Civil War veteran, died at the Soldiers' Home at Danville, Ill., last week. He was the senior member of the local agency of Clevenger & King, Ira L. King being his stepson. In the Civil War he enlisted with Company D, 47 Indiana Infantry. He was a native of Preble county, O., being born there March 6, 1846. He spent most of his life on a farm east of North Manchester. Mr. King will carry on the business.

Moore, Cook Improving

Ross A. Moore, manager of the Indianapolis service office of the Firemen's of Newark and affiliated companies, who has been confined to his home by illness for several weeks, is beginning to improve and hopes to return to his work in ten days or two weeks. Douglas V. Cook, Indiana special agent of the Fidelity-Phenix farm department, also on the sick list, is likewise making a recovery.

K. C. Reciprocal in Illinois

Two Kansas City reciprocals have been licensed in Illinois to write fire lines. One is the Manufacturing Lumbermen's Underwriters, of which the Rankin-Benedict Underwriting Company is attorney-in-fact. The other is the Lumbermen's Underwriting Alliance, of which the U. S. Epperson Underwriting Company is attorney-in-fact.

J. F. McMullen Injured

J. F. McMullen, Indiana special agent of the Colonial Fire Underwriters, was slightly injured in an unusual accident last Friday. He had just stepped into the office of his agent, Arthur J. Dillard, at Pavoli, Ind., when the wall of the three-story building next door collapsed and crashed through the roof of Mr. Dillard's office. A St. Louis salesman who was in the office was killed instantly and Mr. McMullen, Mr. Dillard and another man who was in the office were slightly injured. The adjoin-

ing building was 50 years old and the ground floor was being used for storing a large quantity of apples, to the weight of which some attributed the collapse of the wall.

Camlin Insurance Chairman

John H. Camlin, well known Rockford, Ill., local agent, has been named chairman of the Illinois Chamber of Commerce insurance committee. Mr. Camlin, who has served on the insurance committee of the United States Chamber of Commerce, of which he was formerly a director for the middle west,

plans to organize a committee representative of all sections of the state and all branches of the insurance business. His principal objective the coming year will be to enlist Illinois cities in the national fire waste contest.

Heltman & St. Angelo is a new insurance firm formed at Huntingburg, Ind., by E. J. Heltman and G. A. St. Angelo, both well known in insurance circles there.

George G. Clausen, a newcomer in the insurance business, has purchased the Lester M. Huffman agency in Abingdon, Ill.

STATES OF THE NORTHWEST

Cheese Factory Losses High

C. M. Park, Wisconsin Department Rater, Gives Cheesemakers Association Some Startling Figures

MILWAUKEE, Nov. 25.—C. M. Park, for many years Wisconsin state agent for the London Assurance, and now fire insurance rater for the Wisconsin department, in an address to the Wisconsin Cheesemakers Association gave some startling facts as to losses on cheese factories in this state.

He said that the average fire insurance premium per factory was approximately \$75 per annum; that the average loss per factory for the past 11 years was \$73 per factory, and that after deducting the lowest possible expense ratio, which he figured at 40 percent, it left the insurance companies holding the bag with an average net premium of \$45 per factory per annum, and a loss of \$73. He compared losses in other states on this class with those of Wisconsin, and told the members of the association they were lucky that this state was not taken as a unit in figuring premiums and losses, as the rates in that case would be higher still.

Losses Run \$14,000 a Month

He stated further that insurance companies operating in Wisconsin are paying out for cheese factory losses an average of \$14,000 per month and that the loss ratio of one company on this class for a term of years averaged above 400 percent.

In going into the causes of the fires on this class, Mr. Park said records in the state fire marshal's office showed that 55 percent were caused by defective boiler and stack arrangement, 20 percent were due to poor housekeeping, 10 percent were of incendiary origin and 15 percent were given as unknown. He stressed the point that the assureds of any given class practically made their own fire insurance rates, and advised all members on their return to their places of business to check up their risks from a fire standpoint. He offered the services of the Wisconsin department in that connection.

To show members that losses on the class were usually total, he stated that in only one year in the last five was there sufficient insurance on factories where fires occurred to pay for the damage.

R. E. Vernor on Program

"Taming the Fire Dragon" is the subject of an address to be delivered by R. E. Vernor of the Western Actuarial Bureau, before the Insurance Club of Minneapolis, Dec. 1.

Forming Marshfield Board

MARSHFIELD, WIS., Nov. 25.—Organization of a Marshfield Board has been started here, following a conference of local agents with J. G. Grundle, secretary Wisconsin Association of Insurance Agents. Hugo Wegener, A. C. Barnes and J. E. Ketchum were named a committee of three to draw up by-laws and arrange further for the formation of

a board. A meeting will be held early in December, when it is expected the preliminary organization work will be completed and officers elected.

Big Beloit Claim Settled

BELOIT, WIS., Nov. 25.—Full settlement for \$16,000 and interest has been made on the claim of the Weber-Mills Clothing Co., whose store was destroyed in the explosion and fire of Dec. 5, 1930, which involved a large section of the Beloit business district.

The only other claim which has been reported paid is that of T. B. Swale, a \$5,700 settlement being made on a \$6,000 claim. The claims of E. L. Chester & Co., the largest in the list, still remain unpaid.

Fire Budget Slashed

MILWAUKEE, Nov. 25.—Requests of the Milwaukee fire department for 1932 appropriations have been slashed by the budget committee. A new administration building for the department was eliminated, in addition to the plan for extending the south side high pressure line. The department request was reduced from \$2,430,820 to \$1,958,370, compared with \$1,956,695 provided for this year.

Plan to Finance Premiums

MADISON, WIS., Nov. 25.—Articles of incorporation for the Madison Premium Finance Company have been filed with the secretary of state. Incorporators are Darrell MacIntyre, Norman Reitan and Bernard Porter. Mr. Reitan is president of Reitan, Lerdahl & Co., well known Madison local and general agency.

The purpose of the company is to loan money to persons temporarily unable to pay their insurance premiums. Payment of such premiums will be financed in the same way that deferred payment plans on automobiles and radios are arranged.

Fire Preventionists Elect

J. C. Nippolt of the Aetna is the new president of the North Dakota State Fire Prevention Association. The vice-president is R. J. Harney, Liverpool & London & Globe, and secretary, W. G. Curtis, Western National Fire.

Missouri Valley State News

Valued Policy Is Construed

Case Involving the Kansas Act Came Before the Supreme Court of That State

The Kansas supreme court in MacKenzie vs. Fidelity-Phenix had before it the arguments under the valued policy act. It was the contention of the plaintiff that the three story brick building was wholly destroyed by fire within the meaning of the valued policy law. The court held that the rule is well settled

that property is not "wholly destroyed" within the meaning of the statute if an ordinarily prudent person could use any portion of the structure in reconstruction. If, however, it is so injured that it must be torn down or that which remains cannot be utilized in reconstructing the building it is "wholly destroyed."

Some Value Remained

It is not the material composing the building that is insured but the building itself says the court, and if its remnants cannot be used as a basis of repair or reconstruction the loss is total. The jury found that the material after the fire had a value over and above the cost of tearing it down and that part of the walls remaining in place could be used in reconstructing the building. The court says with these facts definitely established, it was bound to hold that the building was not wholly destroyed within the meaning of the valued policy law.

Missouri Rule on Credit Extension to Be Enforced

Superintendent Thompson of Missouri has officially notified agents and brokers that a ruling made by his department in 1925 regarding the extension of credit on insurance premiums is as much in effect today as when made and that the department intends to enforce it rigorously. The ruling provided that failure to make collections either in cash or by note on or before the 15th of the second month after the policy is effective is prima facie evidence of rebating. Farm insurance written on the installment note plan, when the interest is included in the computation of the premium, and premiums for judicial or court bonds were excepted.

During the current depression many agents and brokers have found it extremely difficult to keep their collections up to date and it is suspected that in many instances credit has been extended beyond the period permitted by the department's ruling.

Missouri Insurance Council Active

ST. LOUIS, Nov. 25.—A. A. Buford, manager of the Missouri Insurance Council, has returned from the first of a series of trips over the state, visiting local agents, city officials, business leaders and other prominent citizens to acquaint them with the work of the council.

On his recent trip he visited Mexico, Troy, Bowling Green, Louisiana, Perry, Center, New London, Hannibal, Palmyra, Canton, Alexandria, Kahoka, Memphis, Edina, Shelbyville, Shelby, Paris, Vandalia, Wellsville and Montgomery City. In the next few days he will start on another tour that will include Chariton, Boone, Howard, Randolph, Sullivan, Linn, Callaway, Macon, Adair, Schuyler and Putnam counties.

In his conferences with local agents, Mr. Buford endeavors to ascertain their problems and how the council can aid in solving them. He has made addresses at several places on "The Business Man and Insurance."

Cats Meow Meets Dec. 8

ST. LOUIS, Nov. 25.—The annual election of officers of St. Louis court of the Cat's Meow will be held Dec. 8. The nominating committee has announced two sets of candidates. The nominees for most wise and powerful meow are J. W. Lawrence and A. T. Sauer.

Meet with School Officials

WICHITA, KAN., Nov. 25.—Members of the Wichita board of education and school officials of Wichita High School East were guests at the regular meeting of the Wichita Insurers. The meeting was held at the high school. A. E. Small presided. Dwight Smith of Smith, Stone & Snyder ex-

plained the handling of the school and other public insurance by the Wichita Insurers, and outlined many benefits to the school board through this service. E. B. Fergus of the Kansas Inspection Bureau discussed fire prevention activities in the schools. School officials responded briefly and pledged their continued cooperation.

Martin New Missouri Deputy

A. C. Martin of Kahoka, Mo., chief fire insurance examiner of the Missouri department and formerly deputy finance commissioner, will on Jan. 1 succeed Joseph F. Holland as deputy superintendent of insurance for Missouri.

Mr. Holland last week submitted his resignation to Governor Caulfield, effective Dec. 31. He intends to practice law in St. Louis and may become a candidate for attorney general of Missouri.

Iowa Mutuals Elect

DES MOINES, Nov. 25.—At the annual meeting here of the Iowa Association of Mutual Insurance Organizations, W. A. Rutledge, president Iowa Mutual Hail, Des Moines, was chosen president; E. F. Perrin, New Hartford, vice-president, and H. L. Gross, secretary Iowa Mutual Tornado, Des Moines, secretary.

The Iowa Reinsurance Association elected P. J. Shaw, Plover, secretary Pocahontas County Mutual, president, and J. E. Brooks, secretary-treasurer.

Iowa mutuals were hard hit the past season because of the severe storms that started in with September and continued most of the fall.

Kansas October Losses Up

TOPEKA, KAN., Nov. 25.—Kansas fire losses jumped to \$377,689 in October, an increase of \$162,057 over October, 1930, according to the state fire marshal's report. However, losses to date are \$412,050 below the same period in 1930.

Dwellings suffered a loss of \$109,424 from 107 fires, and stores were damaged \$117,956 from 16 fires.

Give Duck Dinner

KANSAS CITY, MO., Nov. 25.—About 20 agents and field men attended the third annual duck dinner given by O. D. Cox, state agent for the American group, and Gad O. Smith, state agent for Crum & Forster, at the former's home here Nov. 21. The ducks were brought down by Messrs. Smith and Cox during the season, a week or so ago.

Plan Dinner for Patton

Earl D. Patton, who has just been advanced to assistant secretary of the Northern, will be honored by a stag dinner given by the Kansas Blue Goose at Topeka Nov. 27. Mr. Patton is a past most loyal gander of the Kansas pond and one of the prominent field men in his state. A. I. Doling will be toastmaster and N. K. Nelson will make the principal speech. Don P. Pierce, Topeka local agent, will also speak.

W. L. Chamberlin, Jr., Weds

W. L. Chamberlin, Jr., independent adjuster of Kansas City, Mo., was married to Miss Carmen Lee of Kansas City. Mr. Chamberlin is associated with his father in adjusting work.

Nebraska Blue Goose Dinner

The Nebraska Blue Goose held its annual stag dinner in Lincoln Monday evening. Seventy-five were present. Gus Wise was in charge of arrangements.

Form St. Louis Credit Bureau

The St. Louis Insurance Credit Bureau has been incorporated with offices in the Pierce building. Its purpose is to disseminate information to members and subscribers concerning insurance credit conditions and it may make some col-

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(field Correspondent)

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Iowa Notes

Col. E. S. Olmsted of Olmsted, Inc., Des Moines, was the main speaker at this week's luncheon meeting of the Iowa Blue Goose, describing experiences on his recent world tour.

L. A. Reese, 74, active in general insurance circles in western Iowa and

southeastern Nebraska, for a number of years, died at his home in Hamburg, Ia., after an illness of many months.

J. G. Updegraff, Kansas state agent of the Queen, who has been located at Lawrence, Kan., has moved his headquarters to the Insurance building at Topeka.

W. V. Griffith, local agent at Chillicothe, Mo., has suffered a serious nervous breakdown and is confined to the hospital.

STATES OF THE SOUTHWEST

Plan for Financing Given

Clarence Miller of Dallas Has Worked Out a Course With Industrial Bond & Share Co.

DALLAS, Nov. 25.—Agents throughout Texas are taking advantage of the service of the Industrial Bond & Share Company in financing premiums. The company, a Dallas institution, is headed by Clarence Miller, who is also in the fire and casualty general agency business in the Santa Fe building. The plan was originated to finance securities but during the strenuous times recently Mr. Miller conceived the idea of diverting it to cover insurance premiums.

At first Mr. Miller confined it to agents who represented his companies, but the great demand for the service made it wise to expand and offer the service to any agents who might qualify under his plan. The policies financed must be written in a company having at least \$1,000,000 of combined capital and surplus. The company turns thumbs down on Lloyds, reciprocals and mutuals, refusing to handle anything written in them.

The plan is working successfully and agents using it say they are noticing a nice improvement in business. An assured will not hesitate to add an extra coverage if it is possible for him to defer a portion of the premium and this feature is bringing added dollars to numerous agencies. There have been several local boards which have adopted the plan and are using it throughout Texas.

Mr. Miller plans to expand his service in the southwest before long, but points out that Texas agents have not been able to become thoroughly familiar with his plan at this time. On the date that a payment is due a bill is submitted which is red lettered, stating that policy will be cancelled within five days unless the amount is remitted. A final notice is sent on the day the cancellation is to take place.

Mr. Miller also points out that when an individual is dealing with a finance company he will make every effort to remit for his premium. On the other hand he may be able to defer payment to an agent and this in past has proven extremely costly.

Grant 17 Contested Licenses

Texas Commission Concludes Hearing—Close Relationship of Agencies with Loan Companies Condemned

DALLAS, Nov. 25.—The Texas insurance commission concluded its two-day hearing here last week and granted 17 contested licenses and denied four. Over-insurance, due to loan companies writing fire insurance on the property of their customers, was criticized by Commissioners Tarver and De Weese. O. M. Murray, head of the Murray Investment Company and the insurance agency bearing his name, testified that he only writes the fire and tornado business and 50 percent of the business he does is on loans. He showed the contract which the loan applicant must sign which contains a paragraph authorizing the Murray Investment Company to provide policies. Mr. Murray said that the main reason for operating the office was that the policies written by outside agencies which he handled were written

incorrectly. The commissioners said that close relationships between loan companies and insurance agencies invariably led to over-insurance of property.

The close relationship between insurance agents and real estate firms was also commented on by the commissioners and they stressed the importance of enforcing the provision of the new agents' license law granting the assured the right to select his own insurance carriers.

Regarding expirations, and the right of local agents in this connection, Commissioner Tarver decried the pirating of the business of other agents by loan companies. Branch offices and automobile finance businesses were also criticized at the hearing.

Opening Branch at Dallas

Cravens, Dargan & Co. of Houston Place G. W. Baillio in Charge of New Office

DALLAS, Nov. 25.—Cravens, Dargan & Co., general agents of Houston, Tex., announce the opening of a new office in Dallas, to handle Dallas county. The large volume of business in this section of the state demands close supervision and in order to give a complete service to agents in the territory the new branch becomes necessary. G. W. Baillio will be in charge with the title of agency superintendent. He is a thoroughly experienced insurance man and has served in an executive capacity several companies. He was formerly vice-president and general manager of the Automobile Underwriters of Dallas.

John C. Braislis, secretary of the marine department of the Travelers Fire, spent a week in Dallas with W. S. Clark, manager of that branch. Mr. Braislis has been on an extended trip which has taken him from coast to coast and lasted more than three months. He reports that the various offices of the Travelers are showing a decided improvement in business in marine lines. After a trip to the southeast Mr. Braislis will return to the home office at Hartford.

Lee Trimble, secretary of the Firemen's of Newark, visited the branch office in Dallas the past week. Mr. Trimble is very optimistic as to conditions in the southwest and states that the companies are showing a favorable trend in business at the present.

R. J. McGehean Opens Office in Southwestern Life Bldg.

R. J. McGehean, southwestern manager of THE NATIONAL UNDERWRITER, both in its business and editorial department, has opened an office at 905 Southwestern Life building, Dallas. Mr. McGehean is an active man and has made many friends in his territory. His observations on insurance as published from time to time in THE NATIONAL UNDERWRITER have been read with interest.

Earp Names Rate Committee

OKLAHOMA CITY, Nov. 25.—President Ancel Earp of the Oklahoma Association of Insurers has appointed these agents on the newly established

standing rate committee: T. E. Braniff, E. R. Ledbetter and John S. Adams, Oklahoma City; Joe Frates, Ray Siegfried and Stuart Pearce, Tulsa, and M. E. Williams, McAlester. The duties of the new committee are to investigate rates and all rate changes and notify all agents of the result of their investigations. Mr. Pearce is chairman.

A. C. Meeker in Dallas

A. C. Meeker, assistant secretary at the home office of the Firemen's of Newark group, has been transferred to Dallas office as assistant manager. Mr. Meeker was formerly with the Milwaukee Mechanics and when the Firemen's took over that company he was transferred to the home office in Newark.

More Towns Get Pension Fund

OKLAHOMA CITY, Nov. 25.—Starting with 20 in 1910, when the law was enacted, 148 cities and towns are now participating in the firemen's pension fund. Five new ones, Haskell, McLoud, Maude, Okarche and Lone Wolf, were added this year.

For 1930 the 143 towns and cities then entitled to the money received \$20,716. It will be \$21,909 in 1931. The insurance department is now preparing to make the distribution.

Water Shortage Removed

OKLAHOMA CITY, Nov. 25.—All danger of water shortage in Oklahoma City has been removed by heavy rainfall throughout the state the last ten days.

IN THE SOUTHERN STATES

Aid Fictitious Fleet Fight

Montgomery Exchange Appropriates Funds for Preparing Brief in Southern Bell Telephone Case

MONTGOMERY, ALA., Nov. 25.—A substantial appropriation was made by the Montgomery Real Estate & Insurance Exchange at its November meeting to help defray the expenses of Frank E. Spain, Birmingham attorney, who is preparing a brief against the recent ruling of Attorney-General Knight legalizing a plan of the Southern Bell Telephone Company whereby its employees secure a discount of approximately 25 percent in automobile insurance rates.

The action of the Montgomery board was taken following the reading of a letter from Charles L. Gandy, Bir-

The river above the reservoir is full and sufficient water is in the reservoir itself to provide the city with water at least up to February, C. T. Ingalls, manager of the Oklahoma Inspection Bureau, reports. There is scarcely a doubt but by that time there will have been enough rainfall to reestablish permanent normalcy, he explained.

Welch's Licenses Cancelled

OKLAHOMA CITY, Nov. 25.—All insurance companies represented by Oscar Welch as agent have cancelled his licenses at his own request. Welch is alleged to have issued a bond on an oil well owned by the C. C. Julian Company, in the Home Accident of Little Rock, after the company had discontinued business. Further investigation is being made by the Oklahoma Association of Insurers as to the alleged connection of other persons with the transaction.

Arkansas Farm Mutuals Meet

The Association of Arkansas State Farm Mutuals held its annual convention at Fayetteville and elected these officers: J. W. DeWitt, Gentry, president; G. Selle, Fayetteville, vice-president; R. E. Weaver, Rogers, secretary.

The Coates & Raines general agency, Little Rock, has been incorporated by Alice M. Coates, E. E. Raines and J. E. Coates, Jr.

The McClain County Insurance Agency has been organized by L. S. Cook at Purcell, Okla., with offices in the Bard Drug building.

irmingham, chairman executive committee National Association of Insurance Agents, stating that the National Bureau of Casualty & Surety Executives has invited Mr. Spain to New York to get the information necessary in his brief. Mr. Gandy said it was up to the local boards of Birmingham, Montgomery and Mobile to defray Mr. Spain's expenses as these are the state's three principal cities which are chiefly affected by the Knight ruling. Mr. Gandy declared that with the information that Attorney Spain can secure in New York he felt sure Mr. Knight would be compelled to change his ruling.

Mead Reviews Knight Ruling

Arthur Mead, president Alabama association, discussed the inimical effects of the Knight ruling to the agents if the ruling stands. Sylvain Baum, legislative committee chairman, declared

Tennessee Leader



J. W. OLIPHANT

J. W. Oliphant, who was elected executive vice-president of the Tennessee Association of Insurance Agents in annual session recently at Knoxville, is a member of the firm of Love & Oliphant at Chattanooga.

that if the Bell company plan is permitted to remain then other large corporations will soon adopt similar tactics, taking a great volume of business out of the hands of the agents. He thought the agents should back up Superintendent Greer in refusal to abide by the attorney-general's ruling.

Mr. Greer late last week expressed greater hope that he might induce the attorney general to revoke the opinion. He is using every effort to convince Mr. Knight that the Bell plan is pure discrimination and perhaps rebating.

Richmond Leader Combats City Self-Insurance Idea

RICHMOND, Nov. 25.—It would be disastrously uneconomic for the city of Richmond to undertake to carry its own insurance on municipal property, W. Owen Wilson, president of the Virginia Association of Insurance Agents and member of the Richmond local board,

told the city finance committee considering such a proposal. The city, he said, can ill afford to spend the taxpayers' money in an attempt to carry its own fire insurance. Also it would be unfair for the municipality to enter the insurance business in competition with duly licensed and established institutions. He declared the city should not take a gambler's chance in an attempt to provide insurance against conflagration that might consume its entire reserve at one fell swoop. No one insurance company doing business in the established method could afford to take all the insurance required on any one of the city's big structures, and the city could less afford to do so. He recommended that the city carry full insurance on its public buildings and that the business be transacted with reputable insurance companies.

Snyders Take on Columbus Mutual Life in Two States

Snyder Brothers General Agency, Louisville, has taken the general agency for the Columbus Mutual Life in Kentucky and Tennessee. The company had a few agents in Tennessee, who will now report to Snyder Brothers. It is entered in Kentucky but has not made much effort to plant in that state.

David A. Shepherd, Suwanee, Tenn., field supervisor in Tennessee for the Columbus Mutual, has joined the Snyder Brothers organization, and is now working with R. W. Snyder in Kentucky in planting the company. B. Goff Snyder will manage the new life department.

Unlicensed Adjuster Can't Recover for His Services

NASHVILLE, Nov. 25.—The court of appeals holds that an adjuster can not recover judgment for services rendered, when not properly licensed. While the county court clerk may issue a retroactive license, the holder is privileged under it only after date of actual payment until expiration.

On March 26, 1930, R. P. Sadler made a contract with Mrs. Ella Womack, whose house had been destroyed by fire, to adjust her loss for 5 percent commission on the amount recovered. The insurer offered \$3,085 in settlement, which Sadler advised her to accept, but which she refused. The company thereupon demanded and obtained an appraisal. When the cost of appraisal was deducted, the net sum recovered by

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Mrs. Womack was a little less than the \$3,085.

Sadler brought suit in justice court and obtained judgment for \$150 and costs, which Mrs. Womack appealed. Evidence in the circuit court showed Sadler had procured a license in October, 1929, which expired Jan. 22, 1930. A new license was procured June 18, 1930, and dated back as of Jan. 22. The circuit court reversed the judgment and dismissed the suit, which is now affirmed by the court of appeals.

Fiege Goes to Tennessee

Following the resignation of State Agent Fred H. Warren of the Royal in east Tennessee, the company has transferred S. L. Fiege from Mississippi to succeed him. Mr. Fiege will make his headquarters in the Independent Life building at Nashville. Mr. Warren is one of the old-timers in the Tennessee field and served the Royal for upwards of 20 years. Hillyard Paschall handles the Royal in western Tennessee. John T. Rowland takes entire charge of Mississippi, having for several years traveled for the Royal in a large part of the state. His headquarters are in the Standard Life building at Jackson.

Yazoo Delta Official Resigns

CLARKSDALE, MISS., Nov. 25.—Henry B. Flautt of Tutwiler has resigned as vice-president of the Yazoo Delta Local Insurance Agents Association and will enter the Catholic priesthood. Mr. Flautt has been in the insurance business at Tutwiler for a number of years.

Kentucky Conference Not Held

FRANKFORT, KY., Nov. 25.—The conference of insurance men and state officials scheduled to be held here Nov. 20 to discuss the raise in rates on unprotected mercantile buildings and their contents in Kentucky outside of Kenton and Campbell counties was not held, as George H. Parker, manager of the Kentucky Actuarial Bureau, had to attend the annual meeting of the municipal league in Louisville and therefore was unable to attend. State Auditor Coleman said he would arrange soon for another meeting.

Kentucky Field Men Meet

LOUISVILLE, KY., Nov. 25.—The annual meeting and election of officers of the Kentucky Fire Underwriters Association will be held here Nov. 27. The Kentucky Blue Goose will hold its semi-annual meeting and initiation in the evening, followed by a dinner-dance.

Want Cash Settlements

AUGUSTA, Nov. 25.—At the last meeting of the Augusta Board resolutions were passed asking that the various plans for cash settlement of insurance premiums be investigated. Augusta, like all other places, has been lax in the extension of credit.

Col. Hamilton Yancey Dead

Col. Hamilton Yancey, former prominent insurance man at Rome, Ga., died last week at the age of 83. He organized the Rome Insurance Company and was its secretary until it reinsured in the Commercial Union in 1891. He was then put in charge of the southeastern territory in the Commercial Union. He was appointed special deputy insurance commissioner in 1918 and placed in charge of the liquidating of the State Mutual Life of Rome. His agency was H. Yancey & Son.

No Kentucky Selections Made

LOUISVILLE, Nov. 25.—D. J. Talbott, state auditor-elect, who will take office about Dec. 8, and who has the naming of a new insurance commissioner to succeed Bush W. Allin and the new head of the department of fire prevention and rates, said he has not decided on either appointment. Mr. Tal-

Unusual Interior Wind Loss in Louisville, Ky.

An unusual interior wind loss occurred in Louisville last week when a partition wall on the sixth floor of the Starks building caved in. The wall divided the office of the R. W. Hunter Coal Company from that of Henry K. Hill, Kentucky general agent for the Massachusetts Mutual Life.

There was a high wind at the time and one theory is that windows, being open, permitted either a suction, or pressure, which buckled a gypsum block wall.

Mr. Hunter of the coal company observed the wall weaving and left the office just as the wall went over into Hill's quarters. Mr. Hill was out of the office at the time.

The wall was about 10 feet high by 18 long. It carried no weight and was not tied in. It was set up with blocks mortared together with cement and both outside services were mortared.

bott has been spending several days in Frankfort, in acquainting himself with the duties of his new office.

Prominently mentioned for insurance commissioner are W. M. Duffy, Louisville insurance attorney; J. S. Milliken, Franklin, Ky., attorney, legislator and former speaker of the house, and C. F. Thomas, who served as insurance commissioner some 15 years ago.

Covington Is Inspected

Harry Rogers of the Western Actuarial Bureau spoke at a Wednesday noon luncheon at the Covington, Ky., chamber of commerce on fire prevention. He was introduced by Joseph Gausepohl, who presided at the meeting. Mr. Rogers was in Covington aiding the Kentucky Fire Prevention Association in its work of inspecting the city and while there addressed the school children. Leland Meaks, president of the association, was in charge of the inspection.

Alabama Executives to Meet

MONTGOMERY, ALA., Nov. 25.—The annual meeting of the Alabama Association of Insurance Agents' executive committee will be held in Montgomery Dec. 4. An intensive membership drive to be put on by the association at an early date will be one of the chief topics for discussion. A place and date for the 1932 convention also are to be named. Mobile doubtless will get the convention.

Virginia Notes

J. A. Belmeur, special agent of the St. Paul and Mercury in Virginia, has withdrawn the Mercury from the Bedford Land & Insurance Agency at Bedford because of mutual representation in the agency.

George B. Jennings, veteran angler and state agent of the Royal group in Virginia, has been unanimously elected president of the Richmond Fishing Club, which includes in its membership a number of the leading insurance men of that city.

Kentucky Notes

The Mann Insurance Agency, Louisville, has been incorporated by Owen R. Mann, Nancy B. Mann and Frances K. Mann. Mr. Mann has been in the fire and casualty business on and off in Louisville since 1906.

Mrs. Verna T. Bond, 48, who has been associated with her husband in the insurance business at Lawrenceburg, Ky., for the past 25 years, died at her home there after an illness of several months.

J. F. Dodge, Sturgis, Ky., is successor to D. A. Brooks in the insurance business in that city.

A. M. McClain, Tennessee state agent for the Hudson and Sves, who was severely injured in an automobile accident recently, is able to be back at his desk.

E. O. Cooper, Jr., Augusta, Ga., will handle his father's agency. Mr. Cooper, Sr., died recently.

ON THE PACIFIC COAST

Hold Loss Is Not Covered

Use of Trucks for Different Purpose and at Different Location Voids Insurance, Washington Court says

SEATTLE, WASH., Nov. 25.—A decision in favor of the company was handed down by the superior court here in the case of Transport Securities Company vs. Ohio Farmers. The latter insured a truck which the owner permitted one Caldwell to take possession of for the purpose of demonstration. Caldwell delivered the truck to one Brown who thereupon rented the truck to Pierce county to be used in hauling rocks and road material from a quarry. The truck was used on such work approximately 90 days and Brown or Caldwell received over \$800 for its use. The truck had been standing idle near the quarry in Pierce county for approximately 48 hours when it caught fire and was destroyed. The company denied liability on the ground that the truck was not in the possession of the assured or his bailee at the time of loss, and that it was being used for a different purpose being kept without the consent of the insurer at a different location from that specified in the policy.

Adopt Self-Insurance Plan

SALEM, ORE., Nov. 25.—Fire insurance on properties of the world war veterans' state aid commission, heretofore placed with private companies, will be carried hereafter by the commission through a reserve fund to be set up by diverting the premiums ordinarily paid out on insurance policies.

Ramsden, Colridge at Niles

Percy S. W. Ramsden, president of the California Association of Insurance Agents, and Frank Colridge, executive secretary, were principal speakers before a meeting of the Southern Alameda County Association at Niles on the evening of Nov. 19. Walter Patty, manager of the National Automobile Club at Oakland, was also one of the speakers.

Labry Takes Own Life

The funeral of W. E. Labry, prominent Los Angeles broker, who committed suicide last week, was largely attended by many friends and associates in the insurance business. He was for many years Los Angeles manager for the Northwestern National, subsequently resigning to form the Labry & Harris general agency, from which he retired a few years ago, later engaging in the insurance brokerage business.

R. M. Levison Honored

R. M. Levison, son of J. B. Levison, president of the Fireman's Fund Group, prominent insurance broker and staunch fire prevention advocate, was guest of honor at a luncheon Nov. 20 when he was made an honorary deputy state fire

marshal of California. Mr. Levison served last year as chairman of the fire prevention committee of the junior chamber of commerce and is credited with bringing about numerous improvements in fire conditions in San Francisco.

Clarke Heads Blanket Club

SEATTLE, Nov. 25.—George W. Clarke, insurance attorney, has been elected president of the Blanket Club. Raymond Foy of the Firemen's group is vice-president; Angus McDonald of Seeley & Co., treasurer, and William Davis of the Washington Survey & Rating Bureau, secretary.

Organize in Two Counties

LONGVIEW, WASH., Nov. 25.—Insurance men of Cowlitz and Wahkiakum counties have organized an insurance league taking in the towns of Longview, Kelso, Castle Rock, Woodland, Kalama and Cathlamet. The first meeting was promoted by C. W. White, national councillor; Harry E. Briggs, vice-president of the Seattle Exchange, and George R. Thieme, regional vice-president. R. A. A. Smith, Lester Bell and J. P. Dahlquist worked out the organization.

Sellman to Home Office

W. A. Sellman, for the past year San Francisco manager of the West American of Los Angeles, has been transferred to the home office and placed in charge of production. The vacancy created by this transfer has been filled by the appointment of M. R. Siglie, who has represented the company as special agent in northern California for the past two years.

Shields Blue Goose Speaker

W. E. Shields, casualty manager of the Travelers at Los Angeles, was the principal speaker at last week's meeting of the Los Angeles Fire Insurance Exchange, giving a review of the casualty business the past year.

North America's Northwest Change

E. W. Carlisle has resigned as special agent in Utah and southern Idaho for the North America to go with Zabriskie, Hatch & Co., Ogden, Utah. Special Agent Albert E. Esray of Phoenix, Ariz., will succeed him.

Coast Notes

Elmer Bonstin, vice-president of the Pacific National Fire, was the speaker at the regular luncheon of the San Francisco Blue Goose on Nov. 23.

The firm of Olsen & Tapscott, independent adjusters, has been formed at Bakersfield, Cal., by I. C. Olsen and J. F. Tapscott.

The Broadway Insurance Agency, formed in Tacoma, Wash., by G. E. Harris and A. M. Frazer, with offices in the Broadway theater, has purchased the Tacoma business of Rhodes, Wilton, Barron & Eastman of Seattle.

IN THE MOUNTAIN FIELD

Loss Controversy Is Bitter

Jealousy Develops in the Handling of Adjustment of \$75,000 Loss at Clayspur, Wyo.

DENVER, Nov. 25.—Contention between two groups of insurance companies over the adjustment of a \$75,000 loss has developed to an intense pitch. The dispute has arisen over the destruction by fire of properties at Clayspur, Wyo., belonging to the Silica

Products Co. of Kansas City, Mo. The insurance amounts to \$93,000 distributed among more than a dozen companies. A Chicago official of one company, acting as spokesman of a number of companies, wired Denver representatives that a man from his office was coming to Wyoming to adjust the loss and that he represented all the companies.

That telegram aroused the ire of the Denver field men of nearly a dozen other companies, who hastily called a meeting and decided to handle their own adjustment of the claim. Accordingly this group employed a local adjusting

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firm whose representative has gone to the scene of the loss to represent them. One of these field men declared their business had been written by their respective local agencies, and he considered it an unwise precedent to turn the adjustment over to persons outside the territory.

When this business was written it was offered on a reinsurance basis by one of the companies to which it was submitted by R. B. Jones & Sons, Kansas City agents, it was revealed here. This reinsurance proposal was turned down, and it was finally written direct by the companies, presumably through the brokerage firm, but consummated by local Wyoming agents.

Among the interested companies are the California, Phoenix of Hartford, Delaware Underwriters, Colonial, Hartford, Philadelphia F. & M., London Assurance, Caledonian, Atlas, New Hampshire and North British & Mercantile.

Increase Inspection Force

An additional engineer has been assigned to the sprinkler inspection department of the Mountain States Inspection Bureau. In announcing the additional force, W. J. Kulp, manager of the bureau, explained it was only a precautionary step since sprinklers are important factors in fire protection.

Leech with Cheyenne Agency

Hoyt Leech, former special agent of the Fire Association fleet with headquarters in Denver, has gone to Cheyenne, Wyo., to engage in the local agency business. He will become a member of the Pioneer Realty Co. For years Mr. Leech was special agent in the mountain territory for the Globe & Rutgers under Morrison & Co., Omaha general agents. Prior to that he lived in Cheyenne where he was district in-

spector for the Mountain States Inspection Bureau.

Committee Scores Another Success

DENVER, Nov. 25.—The joint committee comprised of Denver local, state and general agents, which is conducting

a survey of insurance conditions for the municipality, discovered last week that the city is carrying only \$60,000 insurance on the municipal auditorium. It is understood that a suggestion to increase the insurance on the building to \$340,000 has met with the approval of Mayor Begole.

EASTERN STATES ACTIVITIES

Armstrong Interprets Law

Pennsylvania Commissioner Explains How to Get Non-resident Agents Licenses for Foreign Insurers

Commissioner Armstrong of Pennsylvania has prepared an interpretation of the amendment to the insurance company law of 1921, which was passed at the last session of the Pennsylvania legislature requiring foreign insurers to do business through resident agents. Although prohibiting foreign insurers from writing through a nonresident, the amendment provides that the commissioner may, under such regulations and restrictions as may be deemed necessary, issue licenses to nonresident agents who are licensed in the state in which they reside, but these agents shall not countersign any policy.

Mr. Armstrong states that an applicant will be considered as having his principal place of business in Pennsylvania for casualty business if his principal office is located in Pennsylvania, and for life and/or accident and health if he transacts the majority of his business in Pennsylvania.

A nonresident who does not have his principal place of business in Pennsylvania must, in applying for new or renewal license, either submit a certified

copy of the license from the department of the state in which he resides, indicating that he is licensed for the same class of business for which application is being made in Pennsylvania; or a letter from the department of the state in which he resides stating that he is licensed for the same class of business for which application is being made for Pennsylvania; or, if the applicant represents a company incorporated in the state in which he resides, for which no agent's license is required, he must submit a letter from the insurer he represents stating that he is an agent of that company in good standing and that he is authorized to transact the same class of business.

To those nonresident agents, who qualify, a restricted license will be issued, "Nonresident restricted license. Licensee not authorized to sign policies."

Nonresident licenses will not be disturbed until March 31, 1932, Mr. Armstrong states. Casualty licenses of this type, other than the limited form of accident and health, will automatically expire at that time and will not be renewed. Life and/or accident and health licenses will be renewed upon compliance with the requirements.

State President Is Speaker

H. B. Nelson, president New Jersey Association of Underwriters, was a

speaker at the monthly meeting of the Nassau County Association of Local Agents. He urged that agents represent only companies which stand for the highest ideals in the insurance business and which meet the agents half way in mutual adjustment of differences. He entered a plea for larger membership in local, state and national agents' organizations. The Nassau County Association was organized four years ago. Henry Von Elm of Freeport is president; T. H. Darling of Rockville Center, treasurer, and M. O. Howell of Glen Head, secretary.

Push New Jersey Separation

NEWARK, Nov. 25.—A careful check is being made of E. U. A. companies that may still be represented in agencies with non-affiliated institutions in this state, and where such connections are disclosed the association offices will have their attention called to the separation rule of the organization.

Eastern Underwriters Meeting

NEW YORK, Nov. 25.—The fifth annual meeting of the Eastern Underwriters Association will be held in this city Dec. 8. As is customary at all of the organization's gatherings, there will be a session of the executive committee on the morning of the same day.

Give "Acquaintance" Dinner

An "acquaintance" dinner was given to former agents of the Peoples Fire of Maryland at Frederick, Md., by officials of the Fidelity & Guaranty Fire Corporation of Baltimore, which is reinsuring practically all of the business of the Peoples Fire.

Frank A. Gantert, vice-president of the Fidelity & Guaranty, presided at the dinner. Other officials of that company who attended were J. Tabb Robertson

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and Harry F. Ogden. Short informal addresses were made by the officials.

Explains Higher Rates

In answer to an inquiry from Alderman Emma of East Utica, N. Y., as to why rates there have quadrupled in the past three or four years, Fire Chief Sullivan explained that in the past three years East Utica has suffered 201 fires, 28 of them incendiary, against 100 fires

in West Utica, three of which were incendiary.

Packard Heads Committee

Silas S. Schoch, W. J. Chase and E. C. McColley have been elected members of the executive committee of the Philadelphia Fire Underwriters Association for a term of three years. The executive committee has elected G. R. Packard chairman; Harold Haskins, vice-chairman; J. S. Trump, secretary, and P. M. Fell, assistant secretary.

NEW ENGLAND NEWS

Baird to Head Maine Agents

State Association Holds Interesting Meeting at Lewiston With Unusually Good Attendance

LEWISTON, ME., Nov. 25.—The annual meeting of the Maine Association of Insurance Agents was well attended and enthusiastic, over two-thirds of the 152 members being present. The reports of President Joseph T. Cole and Secretary-Treasurer C. W. Lovejoy showed the association in fine condition. Some 28 new members are needed to bring the association up to the quota for the year under the five-year development plan.

These officers were elected: President, Henry Baird, Auburn; vice-presidents, Harold Braithwaite, Bridgton; E. E. Whitney, Dover-Foxcroft, and Murdock McKabe, Rockland; secretary-treasurer, C. Waldo Lovejoy, Rumford; national councillor, Ivan E. Lang, Waterville; executive committee, Joseph T. Cole, Kennebunk, chairman; Robert Pennell, Portland; Zelma Dwinal, Camden.

President Cole in his report mentioned particularly the successful efforts to prevent the appointment of solicitors of the Maine Motor Club as insurance agents and the wholesale insuring of members in one company; the passage of an agency qualification law by the state with a \$10 examination fee attached for all except life agents, and favorable action on handling bonds locally on state contracts.

Resolution Draws Fire

The most spirited discussion of the convention came over a resolution presented by Herbert E. Foster of Winthrop critical of the methods of the New England Insurance Exchange and proposing legislation to compel "all bodies" making rates in the state to file such rates with the commissioner, give public notice on the same and hold hearings.

The resolution met with immediate and strong opposition, first from Ivan E. Lang, who felt more could be accomplished by conference with the New England Exchange. E. J. Cole of Fall River, Mass., asked to express his opin-

ion, called attention to the fact that the National association is strongly opposed to seeking legislative enactments to govern the business, for fear of how far legislatures might go. J. L. Whitlock, president of the Insurance Federation of Massachusetts, warned the members of what had happened in Massachusetts when it went to the legislature to have rates on automobile liability insurance regulated.

Mr. Foster asserted that conferences had been ineffective and the legislature was the last and apparently necessary resort. He said compensation rates were approved by the commissioner and he did not see why fire rates were so sacrosanct they should not be similarly approved. He settled the discussion on the resolution by moving that it be laid over for one year and action taken a year hence.

Resolutions were adopted expressing appreciation to Percy H. Goodwin for his work as president of the National association; favoring the work now being carried on by the committee of the National association, headed by James L. Case, on the collection evil and heartily approving the action of the National Union Fire in returning to organization ranks.

Mr. Cole who is chairman of the finance committee of the National association, briefly reviewed some of the outstanding questions and problems before the national body. Fred R. Smith, Haverhill, Mass., former president of the Massachusetts association, reported on the national convention.

The closing address was by J. Lawton Whitlock, Boston manager Century Indemnity, in which he urged a greater measure of personal responsibility on the part of agents and emphasized the belief that conditions throughout New England particularly are much more encouraging.

L. O. Johnson Is Dead

L. O. Johnson, secretary and vice-president of the Holyoke Mutual Fire of Salem, Mass., died last week. He had been identified with the company for more than 40 years. He was 70 years old and graduated from Harvard in 1883. He entered the employ of the Holyoke Mutual first as a clerk.

IN THE CANADIAN FIELD

Opens Canadian Department

Great American Fleet Organizes Office in Montreal With Bourne and Duclos as Managers

A Canadian department will be opened in Montreal Dec. 1 by the Great American and those of its running mates which operate in Canada. This action is taken following reinsurance of business of the Mount Royal Assurance, which was controlled by the Great American. The Mount Royal's liability under fire and allied lines has been taken over by the County Fire of Philadelphia and its automobile public liability and plate glass by the Great American Indemnity, both of which companies have been licensed to operate in Canada.

H. C. Bourne and C. H. Duclos will

be managers of the new department and H. H. S. Fisk and J. A. MacDonald, assistant managers. All of these have been executives of the Mount Royal. The Canadian department will be in the Lewis building, 465 St. John street, Montreal.

The system of reporting will be changed. Agents of the Great American, American Alliance and the Rochester Underwriters agency in Ontario, Quebec, the maritime provinces and Newfoundland who heretofore have reported direct to New York, on and after Dec. 1 will report to Montreal. There will, however, be no change in territories now reporting to Chicago and San Francisco.

Investment Changes Sought

OTTAWA, CAN., Nov. 25.—Amendments to the Dominion law affecting insurance companies' investment powers

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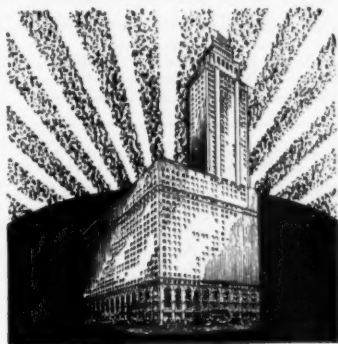
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A & H REVIEW

have been drafted by G. D. Finlayson, superintendent of insurance. At present there is no restriction on the proportion of total assets which may be invested in any one class of security. The amendment would restrict the proportion to 25 percent in the case of common stocks, but would give any company which has more than that proportion now an indefinite time in which to comply with this provision, but meanwhile only 25 percent of the increase in ledger assets might be so invested.

It is also proposed to drop a clause adopted a few years ago, making it possible for a company to invest in common stocks of a company which pay \$500,000 a year in dividends on such stocks. This would leave the common stock restriction at dividends of not less than 4 percent, or \$4 per share in the case of no-par shares, regularly for at least seven years.

Another change would restrict the character of the collateral for a bond issue to be acceptable for investment of insurance company funds.

Macaulay with Aetna

HARTFORD, Nov. 25.—D. H. Macaulay of Toronto has been appointed marine special agent in the Dominion of Canada for the Aetna Insurance company and World Fire & Marine. Mr.

Macaulay was for several years in charge of the Toronto marine office of the Home of New York. He will make his headquarters in Toronto, being associated with R. H. Leckey and C. J. Malcolm, both of whom have been special agents of the two companies for many years.

October Losses Up

Fire losses in Canada for October are estimated at \$3,509,975 as compared with \$2,904,585 for September, 1931, and with \$2,796,365 for October, 1930.

Mutuals to Amalgamate

For the purpose of reinsuring all of its risks, the Sydenham Mutual Fire, Owen Sound, Ont., has decided to amalgamate with the Wawanesa Mutual, Wawanesa, Man. The last two years the Sydenham Mutual has experienced exceptionally heavy losses.

Canadian Notes

The Yang-Tze is no longer writing business in Manitoba. All existing business has been reinsured with the Pacific American Fire.

The Pennsylvania Lumbermen's Mutual Fire has received a Dominion license. E. D. Hardy, Ottawa, is Canadian chief agent.

MOTOR INSURANCE NEWS

Release Doesn't Bar Claim

Insurance Company Bought Back Its Policy from the Insured After Automobile Accident

DETROIT, Nov. 25.—Release of an automobile insurance company by the insured after an accident is not effective if in fraud of creditors, according to a ruling given in circuit court at Detroit recently by Circuit Judge Blaine W. Hatch in the case of LaVera M. Iden vs. Robley Huber, Jane McDonald and the Lincoln Mutual Casualty. The finding was given in a bill in aid of execution of a judgment for \$7,000 secured in circuit court Jan. 20, 1930, by LaVera Iden. The first case grew out of an accident in which Mrs. Iden was severely hurt March 9, 1929, when she was struck by an automobile driven by Huber and allegedly owned by Mrs. McDonald, and insured by the Lincoln Mutual Casualty.

When the plaintiff sought to enforce collection of the \$7,000 judgment, the insurance company presented a release given by Huber dated January, 1930, and one given by Jane McDonald, dated Dec. 10, 1929, in which for the sum of \$150 the insurance company was absolved of liability for defence of the suit to collect the judgment.

Judge Hatch held this week that the "releases are in fraud of the rights of the plaintiff as creditor of the defendants, Jane McDonald and Robley Huber, and the same should be set aside as null and void and of no effect and that the defendant company should be required to file an amended return in the garnishee proceedings admitting liability and showing the amount due under said policy of insurance and that an execution issue against said property or funds."

New Program Approved

NEW YORK, Nov. 25.—The general reaction of the automobile writing companies to the program of the annual meeting of the National Automobile Underwriters Association has been most favorable. Managers and agents alike are especially pleased with the final adoption of a definite method for handling finance accounts. That has been an open issue for several years and proved the most perplexing problem

with which the association had to deal. While optional use of the comprehensive policy in the east was granted, a concession of which some companies are taking advantage, the same privilege will be given in other sections if it is sanctioned by the respective territorial governing bodies. Thus far there has been no intimation from either the west, south or the Pacific Coast that the policy is particularly desired.

Barr Joins Crum & Forster

SAN FRANCISCO, Nov. 25.—William T. Barr, one of the best known automobile insurance executives in the west, has joined the Crum & Forster Pacific Coast office in San Francisco as manager of the automobile department. Mr. Barr just returned from England where he went for a vacation trip, following his resignation from the Southern Surety organization. He is well known throughout the country as the former executive officer of the Pacific Coast Automobile Underwriters Conference.

Club Adds Insurance Feature

DENVER, Nov. 25.—Rocky Mountain Motorists, affiliated with the A. A. A., has added an insurance for the benefit of its members. The club has made a deal with the American States of Indianapolis to carry the insurance for it.

New Lincoln, Neb., Company

The General Automobile Insurance Company of Lincoln, Neb., has been incorporated to write a general automobile insurance business. The incorporators are R. A. Fenzen, W. C. Carlson, F. E. Leavitt, M. M. Gade, R. E. Johnson, A. Mauter, H. M. Alldrit, R. L. Stabler and H. W. Coffey.

Anniversary Number Out

MILWAUKEE, Nov. 25.—The silver anniversary number of the Blue Goose grand nest bulletin is off the press. It is the first number to be put out by C. P. Helliwell, newly elected grand welder. The anniversary number has the picture of Paul E. Rudd, former welder, for its frontispiece and has messages from W. F. C. Fellers, most loyal grand gander; H. Churchill-Smith, grand supervisor; D. A. McKinley, grand custodian; L. H. Bridges, grand guardian; Samuel A. Mehorter, grand keeper, and Mr. Helliwell.

President



GUY E. BEARDSLEY

Guy E. Beardsley, vice-president of the Aetna Fire, becomes president of the National Automobile Underwriters Association, a post of vast importance these days. He has been chairman of the executive committee and has been much interested in promoting the welfare of the organization. Mr. Beardsley is a Yale man. He started with the Aetna in 1896, serving six years and then became special agent of the National Union. Later he became state agent of the Home but returned to the Aetna as special agent in 1905, being elected assistant secretary in 1907, and vice-president in 1919.

MARINE NEWS

Details of Marine Awards

U. S. Commission Allows \$327,000 Total for Deaths and Damage in "San Juan" Sea Disaster

Details of the award recommended by U. S. Commissioner Williams at San Francisco for loss of life and property in the sinking of the steamer "San Juan" off the California coast two years ago in collision with the Standard Oil tanker, "S. T. C. Dodd," are made known. The total is approximately \$327,000. Commissioner Williams allowed \$141,506 death claims, \$57,132 for personal injuries and loss of effects, \$4,612 for personal effects and \$117,245 cargo claims.

The largest single award proposed is to the family of W. J. Hawthorne, Fresno, Cal., whose wife and sons will receive \$13,500 and his mother \$500. Twenty-two awards for personal injury were recommended, the largest being \$9,000. The commissioner explained that the awards were based only on pecuniary loss. Three awards on death claims were \$4,000, \$4,500 and \$3,000.

Martin in Charge at Chicago

Skilled Underwriter Succeeds Brennan in Western Branch Office of W. H. McGee & Co.

Robert N. Martin, Jr., now is in charge of the western branch office of W. H. McGee & Co., at Chicago, following the resignation of J. A. Brennan. Mr. Martin came from the main office in New York City six months ago and has been in charge of inland marine business of the Chicago branch since that time.

He started with the St. Paul Fire &

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Marine, where his father was assistant secretary in charge of the inland marine department. Mr. Martin then went to New York with the National Liberty as underwriter in its inland marine department, and when that company went to the Home of New York, he went along. He became associated with W. H. McGee & Co. last year as underwriter in the inland marine department.

Aetna Has Inland Marine School

HARTFORD, Nov. 25.—An exceptionally large enrollment was reported for the new inland marine school organized by the Aetna Fire. All students are company employees interested in preparing themselves for positions of higher rank in the home office and in the field.

The course includes the study of marine perils, types of marine losses, commercial law covering bailments, private and common carriers, transit risks, all-risks floaters, bailee, deferred payment floater, regulation and supervision of inland marine insurance, general policy conditions, and a careful study of the various inland marine policies.

Chicago Agents
Make a Protest

(CONTINUED FROM PAGE 3)

among the agents that these companies now will use the action of the conference against board companies and more desirable business than ever will go to the outsiders.

The agents contend that the very high loss ratio on Fords and other cars that are more commonly used is due to the fact that many people buying these cars cannot afford to pay the full price at once and hence buy on the installment plan. Obviously many of these people do not wish to add to their expense while they are buying a car. Hence they do not keep the car in a garage, especially if they are renters and have to pay an additional amount for the rental of a garage. The agents declare that the theft loss ratio on cars parked in the public streets where they have no garage facilities is due almost entirely to finance cars.

Want Finance Rates Adjusted

Agents take the position that before any revision is done they are willing to cooperate with the companies to try to clean up on fleet and finance rates, getting that end of the business in more satisfactory condition. They believe that that is the most disturbing factor in Chicago at this time. They contend there is not much difficulty with regard to cars that are fully paid for. The fleet situation has become more and more disquieting, owing to reduced rates that are given and other perquisites allowed. The agents say that so far as Chicago is concerned financed cars are showing a greatly increased theft loss ratio.

Company officials express surprise at the attitude of the agents. They say that when the western advisory committee first decided on the endorsements, a committee of agents was invited to discuss the endorsements, not from the point of view of whether they were to be adopted, for that had been decided upon, but as to possible revision of wording and other minor changes. Some of the suggestions of agents were acted upon, company officials say. The company men were under the impression that the agents had given their tacit approval to the endorsement. Later, company officials say, the agents lodged a "mild protest," but this was not regarded as opposition to the endorsements but rather to their wording.

Without condemning the endorsement the directors of the Insurance Brokers' Association of Illinois have adopted a resolution calling upon the advisory committee for justification of the endorsement, which will have the effect of increasing the cost of automobile accessory theft insurance in Chicago. The brokers merely ask for figures on which the endorsement is justified, so that they may explain the cost to their clients.

The brokers did not take any action on the endorsement, limiting the liability to 75 percent where a car is not regularly garaged. Unofficially, the board of directors feel that the companies are justified in protecting themselves against this undue exposure.

At a meeting of the western advisory committee Tuesday, it was decided to stand pat, so far as the endorsements were concerned, but, out of courtesy to the agents, it was decided to hold a conference with them. Accordingly, the committee of agents met with the western advisory committee Wednesday morning, the situation was discussed but the company men declined to recede from their position.

Another meeting of the advisory committee will be held shortly to discuss the attitude of the agents, although there is no sentiment in favor of altering the decision.

Goss in Hoover Conference

I. D. Goss, manager farm department America Fore, has received an invitation from President Hoover to participate in the President's conference on home building and home ownership. This conference is composed of a group of men who are in close contact with various phases of the housing situation. The first meeting will be held in Washington, Dec. 2-5, at which sessions Secretary Lamont of the department of commerce and Secretary Wilbur of the interior will act as co-chairmen.

This subject is one in which the President has shown great interest, and it is understood that he will promote some legislation on this subject in the next congress. The conference which he has appointed is expected to reach some conclusions which will help in formulating a legislative program.

Mr. Goss will attend this meeting and because of his familiarity with agricultural conditions, will serve on the committee on farm and village housing, of which Prof. A. R. Mann of Cornell University is chairman.

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November 26, 1931

CASUALTY AND SURETY SECTION

Page Thirty-five

Agency Limit Rule Will Be Opposed

Some Companies Regret It Was Filed With N. Y. Department

MAY NOW BE OBSOLETE

Although Many Want Cost Regulated, They Prefer Free Hand in Plotting Field

NEW YORK, Nov. 25.—Although members of the National Bureau of Casualty & Surety Underwriters are doubtless in complete sympathy with the schedule of top cost limits that may be allowed for the various classes of casualty business, as filed with the New York department on behalf of the carriers by J. A. Beha, chairman of the conference on acquisition and field supervision cost for casualty insurance, they are by no means a unit in endorsing the accompanying rule defining the number of agents in each of the three field classifications which companies may have in the different states. If Superintendent Van Schaick is inclined to adopt the agency limit rule in conjunction with acquisition cost regulation, strong opposition may be counted upon from a number of companies.

Conditions Were Different

When the agency limit regulation was adopted in 1922 casualty conditions differed greatly from those that developed in the succeeding years, notably during the period of great activity in the launching of new companies, followed as it was by the raiding of old established agents by the newcomers. Because of the aggressive and oftentimes vicious competition thus encountered the older institutions that had spent years and vast sums of money in securing and educating agents, lost them by the hundreds to the newcomers, compelling in some cases almost a complete reconstruction of field staffs.

Bitterness Is Recalled

Recalling the bitterness of the strife in the three years preceding 1929 executives of the older casualty companies are not prepared to go through the experience again, and hence very seriously object to any limitation as to the number or location of agents they may employ, providing always that the cost of producing business shall not exceed the reasonable percentages to which they have subscribed.

When the agency limitation program was tentatively adopted in 1922, it was against the protest of some of the company heads, who felt that the selection of field representatives, both as to number and location, was essentially a managerial function, and that each institution should be free to adopt its own policy in such direction.

Holding this conviction a considerable number of managers deeply regret

Central Burglary Bureau Now Being Advocated

NEW YORK, Nov. 25.—The advisability of extending the activities of the central inspection service of the National Bureau of Casualty & Surety Underwriters' burglary division is being discussed by member companies and while opinion has not yet crystallized, it may be that a definite plan will be offered for consideration the end of the year. The present agitation followed the recent presentation of the admirable results attained by the plate glass service division of the bureau which in its six months' life has demonstrated the wisdom of concerted action in survey work and the saving to the affiliated offices. In the light of this exhibit the thought naturally suggests itself to a number of underwriters that if risk inspections in the plate glass line can be made efficiently and economically through cooperative effort, why could not the same result be achieved in the burglary business.

Idea Not New One

The idea is not a new one, having been seriously entertained by the then independent Burglary Underwriters Association in 1924 and so well received at the time that an inspection department was formed, and in fact is still maintained, though its service is used by a limited number of companies. While holding the proposition to be admirable in theory the majority offices refused to avail themselves of the service of the inspection branch, maintaining that each company had its trained staff of inspectors, familiar with the requirements of his particular office.

Could Secure Better Men

Proponents of the central inspection plan maintain that it would be a comparatively easy matter for the bureau to secure and speedily train a staff of inspectors whose work would equal that of individual company men, in fact, they assert, the most competent of the latter

could doubtless be engaged by the bureau. Representing a group of companies the bureau would be in position to pay better salaries than any individual office and all associated offices would have the benefit of the expert service, as is the case in the plate glass division and fire rating bureaus.

Burglary Inspection Intricate

It is readily admitted by managers favoring the cooperative scheme that the inspection of a risk for burglary insurance is far more intricate than is the measuring of lights for plate glass coverage, and yet there is no present dearth of proper talent that might be secured in the former as well as in the latter connection. To competently survey a burglary risk requires use of a diagram of the premises, with notations as to the location of all windows, doors and hatchways, the nature and character of resistance they might be offered to attempt forcible entry, the type of walls, ceilings, etc.; nature and character of adjoining structures, type of goods stored on the premises and the general character of the neighborhood. Competent inspectors are also able to recommend changes that will improve the nature of a risk in order to make it acceptable for insurance. More difficult than the inspection of a mercantile property is the survey of the premises and equipment of a financial institution seeking burglary or robbery coverage. Here measurements must be taken in addition to those applicable to mercantile properties of safes and vaults.

The necessity of getting correct reports upon each feature of a risk is recognized by burglary underwriters who still insist that every phase of the work now performed by inspectors for individual companies, can with equal efficiency and at materially reduced expense be done by a central bureau of this character.

California Cost Project May Be Launched Jan. 1

SAN FRANCISCO, Nov. 25.—The special committee of the California conference on acquisition cost and field supervision for casualty insurance which was appointed in September to obtain signatures to the acquisition cost agreement outlined by James A. Beha during his recent visit, met here Friday. Rollo E. Fay, Pacific Coast manager of the Century Indemnity, and chairman of the governing committee of the conference, presided. William Shiels of the Travelers at Los Angeles represented the southern portion of the state.

Following the meeting, Chairman Fay expressed himself as being very much encouraged by developments, feeling that by Jan. 1 a plan will be worked out which will prove satisfactory to all companies.

the filing of the agency limitation program with the New York department and have not been backward in so expressing themselves.

Fidelity & Casualty Voting to Reduce Capital to \$2,000,000

The directors of the Fidelity & Casualty have voted to reduce its capital from \$5,000,000 to \$2,000,000 by reducing the par value of the shares from \$25 to \$20. The number of shares will remain at 200,000. The stockholders will meet Dec. 2 to act on the proposal. In the resolution adopted by the directors it is stated that "in common with other casualty and surety companies this company has suffered during the current year because of the unusual underwriting conditions and depreciation of security investments."

Subcommittee in Meeting

In advance of the meeting of the general committee on casualty acquisition cost, scheduled to be held Dec. 1, a gathering of a sub-committee was held at the rooms of the National Bureau of Casualty & Surety Underwriters here yesterday.

Value of Salvage Being Considered

Speculate on Commissioners' Attitude Toward Credit in Annual Statements

SMALL RETURN EXPECTED

Proposed Government Real Estate Pool May Aid Situation—Some Banks Pay Up

NEW YORK, Nov. 25.—Officials of surety writing companies are speculating as to the attitude state insurance departments are likely to take with respect to allowing credit for prospective salvages, mainly under depository bonds, when auditing 1931 statements. Although no authoritative statement has been made, the prevailing assumption is that no hard and fast rule will be applied; rather is it expected each item in the salvage account will be treated upon its particular merits. Cash already had from salvages, of course, will be an allowable asset, and the same will likely hold in cases where the companies can show pledges from bank departments or receivers of closed financial institutions as to the extent of probable dividends, with reasonable assurance that they will be forthcoming.

Ordinarily surety companies could reasonably count upon a return of approximately 80 percent of their claims from failed federal banks and about 50 percent from defunct state institutions. It is doubtful that these percentages will be realized upon banks that have closed their doors during the past two years and if they eventually are it will not be for a long time, as much of the "frozen" assets consist of mortgages for which there is no market at present. The proposed formation under the auspices of the national government of a holding company for aiding the real estate situation of the country would help the banks liquidate their holdings and increase the returns to depositors.

Losses suffered by surety companies under their depository bond covers during 1930 and thus far in 1931 have been far and away beyond those sustained at any previous comparable time in the history of the business. It is true that the Louisville Trust Company of Louisville has made restitution of 100 percent and the National Bank of Kentucky has come forward with 70 percent. It is understood the Commerce Guardian Trust & Savings Bank of Toledo will make an early payment of 30 percent with the possibility of paying still more later on. There is reasonable prospect too that a number of the financial institutions of Maryland, Akron, O., and Toledo, O., that were forced to cease business in recent months will resume activities in the near future with additional capital and under new management. If these plans work out surety men will be heartened.

Draft Definite Principles to End Encroachment Evil

NEW YORK DEPARTMENT AIDS

Casualty and Inland Marine Conference
Committees Nearing Solution of
Troublesome Question

Basis for patching up the differences between casualty and inland marine companies which have been brewing for a long time and were brought to a head with introduction of the all-risk personal property floater by marine companies, was reached at a meeting of sub-committees of the two groups in the Manhattan offices of the New York insurance department.

The discussion was not confined to the personal property floater, for various coverages were taken up in an attempt to reach an agreement which will end the complaint of casualty executives that inland marine companies are encroaching on their business.

Adopt Set of Principles

Principles were adopted by the two sub-committees which in substance are:

That goods shipped on consignment, the subject of export and import trade, are properly within marine writing power; that goods shipped on consignment, the subject of domestic trade, likewise are within marine company writing powers, but the inland marine power ends 30 days after the goods have arrived at their destination.

Also it was agreed that goods shipped not on consignment but subject of export and import trade likewise are properly within marine powers; and when shipped not on consignment and not subject of export and import trade, but of domestic trade powers, that a time limit determining when the marine writing powers cease should be agreed on.

Considering Another Angle

The matter of how to treat customers' goods in the hands of bailees was referred to a sub-committee representing both marine and casualty companies, which it is expected will report at a joint meeting of fire, casualty and marine company representatives in the insurance department offices Dec. 7. A sub-committee also will consider differences between the two groups on garment floaters. There appears to be no argument between casualty and marine underwriters where the customer is the assured, but there is some contention over how to handle the business when the bailee is the assured.

Expect Determination of Issue

The joint meetings with the department are expected to be of prime importance in the casualty and marine businesses as it is likely that from them will come additional agreements to make effective the agreement signed about a year ago between the two groups of carriers which it was thought at the time would end the alleged encroachment. It appears likely that definite rules will be laid down as to the limits of marine, fire and casualty writing powers.

Among those representing the casualty offices were James A. Beha, general manager National Bureau of Casualty & Surety Underwriters; J. S. Phillips, Great American Indemnity; A. Duncan Reid, president Globe Indemnity. Hendon Chubb of Chubb & Son was among those representing the marine offices. There have been many previous hearings, over which C. P. Butler, deputy superintendent, presided. J. J. Magrath, chief of the department's rating bureau, sat in at all the conferences.

One great difficulty is that the New York insurance law is indefinite and ambiguous respecting the powers of casualty and marine companies, particularly in the words "storage incidental to transit." This is a phrase which

(CONTINUED ON LAST PAGE)

N. Y. Business No Longer an Index, E. M. Allen Says

From the experience of the National Surety, according to President E. M. Allen, there is less pessimism and more business effort in the territories outside of Greater New York today. Until recently, he said, increase or decrease in the National Surety's business in Greater New York was an index of business throughout the rest of the United States. During the last few months, however, he said, the National's business in territory outside of New York has been much more favorable, especially in the more desirable fidelity and surety lines.

Halsey Propounds Rules for Pedestrian and Motorist

Ten rules for the motorist and ten for the pedestrian for the reduction of automobile accidents were given by H. N. Halsey, traffic engineer for the National Bureau of Casualty & Surety Underwriters, in a radio address over station WCDA, New York. His talk was part of a radio campaign of the American Road Builders Association.

Consider Driving Conditions

For the motorist, Mr. Halsey advocated adjusting speed to driving conditions, pointing out that 25 miles per hour may be more dangerous than 45 miles under certain conditions. A speed should not be maintained which does not permit stopping within the assured clear distance ahead. The rules and regulations should be known and obeyed. The driver should stay on his side of the road. He should not pass another vehicle unless he sees that no one is coming and that there is enough room. He should signal before turning and he should turn from the correct lane. He should drive smoothly; have his car inspected and maintained. He should give the pedestrian more than his share of the right of way. He should be particularly careful when the pavement is slippery, visibility poor and during the rush hours.

Suggestions for Pedestrians

For the pedestrian, Mr. Halsey warned against stepping out from behind fixed objects such as buildings, parked cars, etc. He should obey traffic signals; keep his eye on all moving vehicles; when on the highway walk facing traffic. At night he should remember that it is hard for the motorist to see him. He should not change his mind two or three times, running back and forth in traffic. He should cross the street only at intersections; be careful in getting on or off street cars or buses; he should get in and out of parked cars on the curb side and obey traffic officers at intersections.

The conservation staff of the National Bureau has just prepared a 38 page pamphlet to be used in an automobile safety campaign of the American Legion. It was prepared under the supervision of A. W. Whitney, associate general manager of the bureau. The accident situation is described; traffic is discussed; child and home safety education is considered. The things which the Legion can do to reduce traffic accidents are suggested.

Bank Failures Slowing Up

NEW YORK, Nov. 25.—The epidemic of bank failures throughout the country is passing, the number of institutions that suspended operations last week falling to 18, the smallest number for any comparable period in many months. The total number of failures from Oct. 10 to Nov. 14 was 395. In the past week ten banks that had previously closed reopened their doors, and it is confidently believed that still others will resume business in the near future.

Agreement Is Reached as to Coast Accident Rulings

IRONED OUT AT SALT LAKE

"Wrecking and Disablement" Order and
Retroactive Feature in Other Rul-
ings Will Be Dropped

All of the difficulties that had arisen in connection with three rulings affecting accident and health insurance, which had been put out by a number of the insurance commissioners of the Pacific Coast and mountain states, to become effective Jan. 1, were ironed out at a conference between the commissioners and representatives of companies writing that class of business in Salt Lake City last week. In putting into effect modifications of these rulings, the commissioners will act individually and not as a unit and there may be some minor differences in the action taken in one or two states, but a general agreement was reached in regard to the more important questions involved.

Retroactive Feature Dropped

Probably the most important result of the conference from the companies' standpoint is that the retroactive requirements in the three rulings are to be rescinded. That was the point which was of greatest concern to the companies, as it would mean a change in coverage in old policies, without any corresponding change in rates.

It was agreed that the ruling prohibiting the use of the term "wrecking or disablement" of an automobile in accident policies would be withdrawn, provided that the words, "This is a limited policy—read carefully," be printed in large type in red ink across the face and filing back of all limited travel policies. This was entirely satisfactory to the companies writing this type of policies. In fact, some of them are already using such an endorsement. It was further agreed that this requirement should not be applied to so-called regular policies with the double or triple indemnity provision containing the term "wrecking or disablement."

Septicemia, Hospital Rulings Stand

The companies agreed that the ruling on septicemia and hospital benefits are to remain substantially as heretofore. There was really no objection to the former ruling, except as to the retroactive feature, which has now been eliminated. In connection with the hospital ruling, it was pointed out that practically the only cases in which there are likely to be double payments of hospital benefits are those under industrial policies and it is doubtful whether hospital benefits should properly be included in such policies.

In connection with the latter ruling there was some discussion of the so-called hospital reimbursement clause now being written by many of the accident and health companies. Two or three of the commissioners were at first inclined to take the position that approval should not be given to policies containing such a clause under this ruling, but it was later agreed that approval might be given if some modification of the wording of the hospital clause, the exact form of which is to be agreed upon later, were made.

All Commissioners on Hand

The commissioners in attendance were Fishback of Washington, Averill of Oregon, Mitchell of California, Cochran of Colorado, Thulemeyer of Wyoming, Porter of Montana, Bakes of Idaho, Brown of Arizona, Fernandez of New Mexico and McQuarrie of Utah. California and Colorado have not issued any of the rulings which were the subjects of the con-

(CONTINUED ON PAGE 47)

Depression Shatters Many Illusions, Beha Remarks

MAKES TALK AT CHARLOTTE

Theory That Large Investment Profits
Made Rate Adequacy Unnecessary
Is Dispelled, He Says

Many illusions of insurance men and of the public towards insurance have been dispelled by the depression, James A. Beha, general manager National Bureau of Casualty & Surety Underwriters, declared in his address at Carolina Insurance Days at Charlotte, N. C.

One of the illusions that is being destroyed, according to Mr. Beha, is that more and more generous and more numerous settlements may be had especially under automobile liability policies, and at the same time insurance may be purchased for less than cost. "Whatever remains of the illusions which once existed," he said, "that the deficiency in rates should be made up through investment profit should be easily dispelled in the light of present conditions."

Since the Insurance Federation of America is devoted to bringing about a better understanding of insurance by the public, Mr. Beha suggested that the organization help the companies and public to a more complete understanding as to the matter of rates.

Old Theory Shattered

In the days of inflation, according to Mr. Beha, the public believed that insurers were making such large investment profits that insistence upon rate adequacy was unnecessary. "This was not a wholesome state of mind," Mr. Beha declared. "Present conditions, of necessity tend once more to throw emphasis on the true character of the business of insurance—its function of assuming risks at proper and adequate premium rates. This is a time when only by sound practices can the companies render the service required and survive. Opportunity is at hand for real talent to show itself in the proper and economical conduct of the business."

Objection on the part of the public to the payment of the established rates can be only due to incomplete understanding of the real situation, he said. Buyers should be made to realize, he said, that the only way that rate increases can be prevented or reductions obtained, is through an improvement in the experience.

Mr. Beha said it is demoralizing on the buyer to have different rates quoted. The proper rates have perhaps been justified to him as the product of experience as determined by the National Bureau. Then a lower rate is quoted by a competing company. "If one rate is justifiable by experience," he asked, "how can any company afford to offer protection at a lower rate? This can only be done in the expectation from the beginning, of cheating somewhere or of making unfair claim settlement. The confidence of the insuring public in the equity of adequate rates is destroyed by this sort of abuse."

Mr. Beha dwelt on the safety work the bureau is conducting. He pointed out that the bureau not only determines from statistical data what a reasonable rate is, but it attempts to affect conditions surrounding the risks so that unnecessary and improper loss costs may be avoided.

Independence Leaves Bureau

The Independence Indemnity has withdrawn from the National Bureau of Casualty & Surety Underwriters. Notice of intention was given about six months ago. The Independence will be one of the largest companies operating outside of the bureau.

Confer on Casualty, Surety Practices in Rate Making

—
CALLED IN BY VAN SCHAICK

Company Representatives Express Desire to Retain Independence of Action—To Hear Fire Men Later

NEW YORK, Nov. 25.—To advise the insurance department as to their practice in rate making, representatives of a number of casualty and surety writing companies, in compliance with a previous request of Superintendent Van Schaick, met in the local office of the department here Monday.

The method employed by the non-affiliated institutions, it developed, was in the main to use the manuals of established rating bureaus, filing percentage deviations varying from 5 to 15 percent, and differing also as to types of risks and as to territories.

Deputy Superintendent C. P. Butler presided, with J. J. Magrath, chief of the rating department, as aid. Frederick Richardson, United States manager General Accident; G. H. Reaney, president United States Guarantee; R. H. Townner, head of the Townner Rating Bureau, and J. A. Beha, general manager National Bureau of Casualty & Surety Underwriters, were the main speakers.

Mr. Richardson and Mr. Reaney each voiced the hope that they would be allowed to maintain their own method of rate making. Mr. Richardson mentioned the experiment being made by his company in Ohio for some months past in rate applicants for automobile liability insurance according to occupations to illustrate the freedom resulting from independent action.

No decision was reached at the conclusion of the gathering. The attending executives were requested to file communications setting forth concretely and definitely their respective views as to rate making. In a short time a similar meeting is to be held by the department officials with the fire and marine men, and as the issue involved in both instances is practically identical, a ruling binding on both will be made by Superintendent Van Schaick after he has had opportunity to review the broad problem fully.

Hansen Reported Seeking General Alliance Control

NEW YORK, Nov. 25.—E. H. Boles, president of the General Alliance Corporation, is not a whit perturbed over the published offer of B. D. Zimmerman, a New York banker, to purchase 161,000 shares of the institution at \$19 per share, in order to gain control. Mr. Boles was emphatic in asserting that he had pledges of support from a sufficient number of shareholders to block any attempt to win majority interest.

While the name of the person represented by Mr. Zimmerman is held secret, common report assets it to be Carl M. Hansen, president of the International Reinsurance of Los Angeles and of the Independence Indemnity of Philadelphia.

The General Alliance is holding corporation of the United British, and the North Star as well as the General Reinsurance.

Bloodhound Service Recognized

OKLAHOMA CITY, Nov. 25.—The value of bloodhound service in tracing bank robbers was recognized by the American Surety, which sent a check for \$50 to defray this expense in locating robbers of the First National Bank, Luther, Okla. The American Surety covered the Luther bank against robbery and after a spectacular chase led by bloodhounds, following the robbery, the three guilty men were captured and have been since sentenced to prison.

Governor of Wisconsin Asks State Jobless Plan

MADISON, WIS., Nov. 25.—A system of compulsory unemployment insurance which would become effective July 1, 1933, was recommended by Governor La Follette in his message to the legislature in special session Tuesday. However, he advocated, giving industry the opportunity by private initiative to set up a satisfactory plan by that date. If that were done, he recommended abandoning the compulsory project.

He recommends the Groves unemployment insurance bill which embodies the recommendations of the majority of the interim committee of the 1931 legislature. It requires contributions from employers only, and fixes the maximum contribution at 2 percent of the pay roll.

It provides a separate reserve fund for each employer to be used only for paying benefits to employees laid off by the specific employer. Employers may make contributions to state fund, self-insure or form groups. The bill covers only those making \$1,500 a year or less.

Administrative Features

The administrative features of the bill are as follows:

1. When the reserve amounts to \$55 for each person employed, the employer's contribution is reduced to one percent; when the reserve amounts to \$75, his contributions cease entirely.
2. Benefits are payable at the rate of 50 percent of the average weekly wage, but may not exceed \$10 per week.
3. The length of time for which benefits are paid is in proportion to the length of time worked, but no more than ten weeks' benefits may be drawn in any one year and no benefits are payable for the first two weeks of unemployment.

The administration of the unemployment insurance measure advocated by the governor will be placed with the industrial commission.

The measure was offered by Assemblyman Harold Groves of Dane county, a member of the faculty of the University of Wisconsin.

"At the present time there are many factors leading to uncertainty for the future of industrial growth in Wisconsin," declared the minority report. "What is going to happen with the migration trend of industries, such as lumber, paper, furniture, farm implements, to more

favorable locations? We submit that the real interest of Wisconsin workers is in the stability of our industries as the best insurance of stable employment.

"When it is realized that the average life of manufacturing corporations is slightly more than seven years, our concern for our future industrial development is well taken. There were 929 fewer factories in Wisconsin in 1929 than in 1919. That is something to think about. From 1928 to 1930 the decrease was 533."

Manufacturers Meet

Employers of the state, meeting in the Wisconsin Manufacturers Association annual convention and the Wisconsin State Chamber of Commerce last week came out against compulsory unemployment insurance, and machinery has been set in motion by the manufacturers' group to encourage establishment of voluntary plans by employers in individual industries.

"My study of this subject," Gov. La Follette declared in his message, "leads me to the conclusion that the Groves plan is the soundest and fairest compulsory plan yet suggested anywhere. I recommend the adoption of the Groves plan for unemployment compensation to be conditioned, however, upon the failure of industry to adopt a comparable plan for a substantial part of those employed in manufacturing in this state by July 1, 1933.

"No one contends that voluntary or compulsory unemployment compensation will actually compensate for any prolonged period of unemployment. The great objective of unemployment compensation is to reduce unemployment. Workmen's compensation is to put a penalty on the conditions that cause loss of life and limb or jobs. Workmen's compensation has succeeded, not because it pays compensation, but because it has made industry eliminate unsafe machines and conditions of work. Workmen's compensation has given Wisconsin the finest record in America for safety.

"If industry fails to pay its interest money it is penalized by loss of the business. If management fails to earn dividends it hears from the stockholders, and may be and often is discharged. If industry has conditions which cause loss of life or limb, it is penalized."

Additional Suits Are Filed in New Jersey Plane Crash

JERSEY CITY, N. J., Nov. 25.—Two suits for \$100,000 each were begun here Monday against the Colonial & Western Airways for the deaths of two passengers in the crash of a tri-motored Ford sightseeing plane March 17, 1929, in which 14 persons were killed. Suits last spring by heirs of six of the victims resulted in awards totaling \$89,000. The decision on the latter case has been appealed. It is expected that the present trial will take several days. The United States Aviation Underwriters had the passenger liability insurance on the plane.

Fidelity & Casualty Fined

Investigation by the insurance department having revealed violations of the rating law by the Fidelity & Casualty, Superintendent Van Schaick has fined the company \$10,000. The management admitted the charges against it, explaining that the violations in the main occurred at a period when a change in control was in progress. Under measures adopted by the new administration all rate variations have been corrected or the improperly written policies cancelled.

Norman Moray Now With New Amsterdam Casualty

—
WIDELY KNOWN EXECUTIVE

Was for Many Years General Manager of Hartford Accident, More Recently with Southern Surety

NEW YORK, Nov. 25.—Norman R. Moray is now connected with the New Amsterdam Casualty as assistant to President J. Arthur Nelson. His work will be mainly in connection with the New York City office, the constantly expanding business of which required additional executive services.

Mr. Moray is one of the most widely known casualty underwriters of the country. After gaining his initial insurance experience with the National Surety, he was appointed general manager of the Great Eastern Casualty, resigning the connection in 1913 to become vice-president and general manager of the then newly organized Hartford Accident & Indemnity, a post he retained for 15 years, when he retired to become president of the Southern Surety of New York.

With the purchase of control of the Southern by interests allied with the Home and the formation by the latter of the Home Indemnity Mr. Moray became chairman of the board of the two companies. A nervous breakdown compelled his withdrawal from active business early the present year. His restoration to complete health and return to casualty insurance ranks will be welcome news to his host of friends everywhere.

Many Notables Are Guests of Hansen at Los Angeles

LOS ANGELES, Nov. 25.—At the meeting last week of the board of the International Reinsurance, at which the regular quarterly dividend of 50 cents per share was declared, President C. M. Hansen had as his guests a number of his eastern associates, including former Governor E. C. Stokes of New Jersey, former Mayor W. Freeland Kendrick of Philadelphia, J. P. Bird, president New Jersey Manufacturers Association; Bentley Pope and Harry Leavitt of Trenton; Ferdinand Wilkes, Banker, Passaic, N. J., and E. J. Hennessy of the Chicago law firm of Schuyler, Dunbar & Weinfeld. For the further enjoyment of the visitors Mr. Hansen arranged trips to Agua Caliente, Mexico, and a tour through the Paramount-Publix studios at Hollywood, where W. H. Hays explained details of the motion picture industry.

Sees Ohio Job Fund

The Cincinnati "Enquirer" predicts that the unemployment insurance committee appointed by Governor White will favor state unemployment insurance. The paper bases its prediction upon records of committee members. The "Enquirer" urges industries in Ohio to think out and apply methods which will offer workers security rather than to rely upon arguments against the state unemployment insurance system. The report of the unemployment insurance commission is to be in the hands of the governor by Jan. 1, 1933.

New Massachusetts Auto Rates

NEW YORK, Nov. 25.—Except in the towns of Chelmsford and Tynsborough the newly issued automobile property damage rates for Massachusetts issued by the National Bureau of Casualty & Surety Underwriters remain as formerly. The two communities named have been transferred from territory 8, the Lowell district, to "remainder of the state," territory 12.

May Refuse Personal Sureties

The board of education of Cincinnati is considering the policy of refusing personal bonds as surety in future contracts. The city solicitor of Cincinnati has been asked to rule whether the board of education may legally adopt a policy of this kind.

Depression, Unemployment Hit Plate Glass Business

IS HIGHLY UNPROFITABLE NOW

Reports Reach Underwriters of Many
Panels Deliberately Broken to Make
Work for Glaziers

Plate glass business has been very unprofitable this year in Chicago and at many other points. In fact, one underwriter says the competition of mutuals and reciprocals, taken with the general rate cut, has wrecked the business.

He sees no remedy for it. It is impossible no matter what is done to go back to the old satisfactory conditions which made plate glass the most enviable of all lines. High commissions have been an added factor. With an average loss ratio throughout the country of about 40 percent, approximately 20 percent expenses and administration, there was just sufficient margin to pay the 35 and 40 percent general agents' commissions that have been demanded for some time, especially by many of the larger offices.

Red Ink This Year

However, unemployment and the business depression this year have played a part in increasing the loss ratio, so that a number of companies undoubtedly will show red ink on plate glass.

Theoretically it is highly improper to pay as much as 40 percent commission, but in actual practice companies must either pay it or not get the business, just as they choose.

There have been many reports in the plate glass business of deliberate breakage of plates as a means of stimulating employment in the glaziers' industry.

Several Factors Cited

Some underwriters believe the excessive claim frequency may be due to deliberate breakage, either because of labor troubles among the glaziers or unemployment, which brings men to throw a brick through a window in order to grab a few pieces of merchandise on the run. Some underwriters even believe there may be glaziers whose business is so slim that they are using this expedient to get orders.

In Chicago the situation has manifested itself in the development of a number of very hot spots, particularly on the southwest side. In these spots for a number of months it has been observed that a great many plates have been broken by the throwing of stones or bricks. The situation has become so acute there that an underwriter for one of the larger companies expressed the wish that he could be entirely out of the business.

Buckeye Union Casualty Is Now Moving to Columbus, O.

The Buckeye Union Casualty of Jackson, O., will remove its home offices to Columbus, O., soon after the first of the year, according to announcement by Ira L. Morris, secretary and general manager. Property has been purchased at the southeast corner of Broad street and Washington avenue in Columbus. The three-story stone residence, fronting on Broad street, will be remodeled.

The property consists of an 80-foot frontage on Broad street and 130 feet on Washington avenue. Several other insurance companies are located within a few blocks.

The Buckeye Union Casualty was founded as a mutual by Mr. Morris in 1918 at Lima, O. It was incorporated as a stock company in 1926, soon after the home offices had been removed to Jackson, O.

Since its organization as a stock company, the Buckeye Union has enjoyed a consistent growth, its assets increasing from \$150,000 to \$702,786.

Bank Suspensions Tighten Market on Official Bonds

NEW YORK, Nov. 25.—It is almost impossible to get public official bonds these days where there is any depository liability or where the official is responsible for the safe keeping of public funds. This is due to the many bank suspension failures over the country. Public officials are put to it to secure proper bonds. In some cases they are resorting to personal bonds but these are far from satisfactory when the showdown comes.

In some states the officials are willing to have a clause in the bond or a rider attached eliminating depository liability. However companies are loath to write a bond under this condition as the legality of such a rider has never been decided by one of the upper courts. In some cases a public official bond will be written provided the funds are kept in a strong bank in a big city. Even in cases of this kind, however, companies find themselves loaded up with depository bonds on these banks and are not keen toward adding to what might be called a conflagration or catastrophe hazard.

Companies have been hit so hard by bank failures that none want to take any further chances. If a bond is written it is impossible to get reinsurance. Very few companies are taking depository bonds on private funds even in the strongest banks. Some few companies began to write these bonds, then got panicky and started to cancel. In some cities the cancellation of these bonds created an uneasy feeling because the inference was that the surety company knew something about a bank's condition that the depositors did not. With millions of dollars tied up in depository bond claims and with other millions tied up in financial guarantees, surety companies have restricted their underwriting in these more hazardous classes very materially.

Federations Hold Annual Session at Charlotte, N. C.

Places for their next meetings were chosen by the North and South Carolina insurance federations at the Charlotte convention. The North Carolina federation will meet at Winston-Salem and the Palmetto federation in Columbia.

G. C. Tudor, Winston-Salem, was elected president of the North Carolina federation, succeeding P. R. Cross of Raleigh. Price Barber, Winston-Salem, is the new secretary-treasurer, succeeding J. J. Doyle and Walter Lambeth of Charlotte.

The new vice-presidents are G. O. Bagwell, Charlotte; Thomas O'Berry, Goldsboro; A. B. Morgan, Raleigh, and W. E. Chambers, Asheville.

Oliver Thurman, vice-president Mutual Benefit Life, Newark, gave an interesting talk crammed with reminiscences. C. W. Gold, president Pilot Life, Greensboro, spoke on "Riding to Prosperity on the 'Yes' Line," and Raymund Daniel, associate editor "The Insurance Field," Atlanta, on "Cycloramic Giraffes." "Fire Prevention and Its Relation to the Economic Depression and Unemployment," was the subject of T. A. Fleming, supervisor conservation department, National Board, New York City. His address was broadcast over station WBT, Charlotte. He said it is essential that Americans profit by experiences of recent years to avoid a return of a similar disastrous business cycle. The economic situation has awakened America to the problem of waste. He pointed out that the debt moratorium suggested by President Hoover amounts in principal and interest to \$250,000,000 to the United States, whereas the annual fire bill is nearly double that.

Include State Liquidation Under Bank Blanket Bonds

EXTEND COVER IN NEW YORK

Surety Association May Permit Rider
in Other States to Cover De-
funct Bank

NEW YORK, Nov. 25.—To facilitate the work of the New York banking department and to relieve it of possible embarrassment in the process of liquidating insolvent financial institutions, the Surety Association of America has agreed to extend liability under bankers' blanket bonds to employees of failed institutions to embrace employees of the banking department engaged in liquidation activities under a special rider. The coverage will apply whether the state employees be at work in the offices of the closed banks; the department headquarters at Albany or in its branch in this city. The great percentage of the liquidation work is performed here.

Handle Many Securities

In handling the affairs of corporations taken over for liquidation the banking department has under its care large amounts of securities, and the authorities are worried as to their possible responsibility if the securities entrusted to their care are lost, misplaced or stolen.

The present action of the surety companies relieves the banking authorities of any further concern in such connection; though it is assumed there will be no relaxing of vigilance on the part of state employees.

May Extend Concession

While this liberal concession by the underwriters applies to New York only at this time, the assumption is that it will be extended to other states with the stipulation that the proposed rider is approved by the Surety Association. Conditions under which banks are liquidated by state authorities differ and local requirements must be carefully considered.

The Towner Rating Bureau has reduced the manual charge from 40 to 10 cents on each checking account for forgery cover for insolvent banks, with a minimum premium of \$312.50. The reduction is in recognition of the fact that when a bank becomes insolvent, the issuance of checks upon it by depositors automatically ceases, and such checks as are issued are those prepared by the receiver or the liquidator.

Commission Warns Against Weak Unreliable Carriers

SALT LAKE CITY, Nov. 25.—The Utah industrial commission has passed a resolution warning employers against weak or unreliable companies. A Salt Lake City lumber company had been compelled to meet a claim from its own funds because its insurance carrier was in the hands of a receiver. The resolution pointed out that the employer is primarily liable and that the fact that his insurance carrier is insolvent does not enter into the question. It was up to him to select a strong company.

Commenting upon the resolution, Commissioner O. F. McShane said, "There are many insurance carriers authorized in Utah which are perfectly solvent. If employers were a little more careful in the selection of the carriers, all concerned would be benefited. Insurance should never be taken with a company that has not wholeheartedly entered the state, setting up a claims department, appointing a process agent, and going after a considerable volume of business."

Mr. McShane said that inquiry at the insurance department would place the necessary information concerning reliable companies at the disposal of any employer.

Day and McCutchan Accused of Embezzlement in Dallas

GRAND JURY TO INVESTIGATE

Receiver for Defunct Automobile Un-
derwriters Files Charges Involving
\$200,000 Company's Funds

DALLAS, Nov. 25.—Complaints charging Darby A. Day and J. B. McCutchan with embezzling \$200,000 of the funds of the Automobile Underwriters of Dallas, signed by O. Curran, public accountant and receiver for the defunct underwriting company, have been filed with the district attorney and formal charges made in justice court. The grand jury will now investigate the alleged misappropriation of the funds of the Dallas company by Messrs. Day and McCutchan, which led to its being placed in the hands of receivers.

The charges were filed after several months spent in checking the affairs of the Automobile Underwriters. These men were recently indicted in Kansas City on charges of using the mail to defraud in connection with their alleged financing of companies in several states.

The charges at Dallas deal with funds said to have been taken from the Dallas concern to invest in the Liberty of Dayton, and which were used for other purposes. The Dallas company was forced into receivership last February when a group of companies headed by Day collapsed.

The control of the Dallas concern was secured in 1930 by the Darby Day Investment Company of Chicago in an exchange of stock in the Chicago Fidelity & Casualty at \$62.50, par value of \$25, for Automobile Underwriters stock at \$20, par value at \$10.

Unincorporated Insurance Organization Can Be Sued

The Missouri supreme court holds that 9157 former members of the grand lodge of the Brotherhood of Railway Trainmen have the legal right to bring suit against the organization to recover \$250,000 paid in insurance premiums.

The brotherhood canceled the insurance after the trainmen participated in the 1920 strike, which the international officers held was illegal. When they brought suit to recover the insurance premiums, attorneys for the brotherhood contended that the grand lodge, being a voluntary unincorporated association, could not be sued. Counsel for plaintiffs insisted that the brotherhood was engaged in the insurance business and was subject to the insurance laws of Missouri. On this question the supreme court ruled:

"Dealing with the defendant as an insurance association, which stands admitted, we are not impressed with the argument that our laws are so deficient that a large association like this one can and does carry on business in this state, making contracts of insurance, collecting thousands of dollars by way of premiums and dues, and when brought into court to answer for violation of or refusal to perform such contracts can defy the court to afford any remedy by asserting its legal nonentity and want of capacity to be sued."

Asks \$125,000 of School Board

Action to recover \$125,000 from the trustees of Union Free School District 4 at Greenburgh, N. Y., has been filed by W. H. Danbo of Hastings-on-Hudson, suing in behalf of his 7-year-old daughter, Julia. He alleges she lost the sight of her right eye when it was punctured by a pair of scissors held by another pupil in the class room. Mr. Danbo asks \$100,000 for the loss of the eye and \$25,000 for himself for physicians' bills and loss of services.

To motorists whose automobile insurance is not acceptable from COAST TO COAST as evidence of Financial Responsibility, that little innocent-looking sign

STATE LINE

often means

Protection Stops Here

. Month after month, through direct, easy-to-read messages in leading national magazines, Aetna continues to drive home the need for nationwide Protection and Service—backed by Aetna's 25,000 representatives, 100 claim offices and 6,000 salaried employees.

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The Automobile Insurance Company
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of Hartford, Conn.



This is a reproduction of one of Aetna's 1931 National Advertisements

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You know what this sign means

KEEP RIGHT

. . . and this one

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But how about that innocent little sign "STATE LINE"?



STATE LINE? Who ever worries about that little sign? This is America!

Ah yes, but with the new Automobile Financial Responsibility Laws—laws which have already spread to 17 states as well as 3 Canadian Provinces—there is something to worry about—unless you are Aetna-ized!

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SEE THE AETNA-IZER IN YOUR COMMUNITY—HE IS A MAN WORTH KNOWING

Aetna writes practically every form of Insurance and Fidelity and Surety Bonds.

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Gentlemen: Send me your free booklet—"What Every Motorist Should Know About The New Financial Responsibility Laws".

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General Accident



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GENERAL BUILDING - 4TH & WALNUT STS.
PHILADELPHIA

Limited Health Policy Is Regarded as Only Solution

HEYER IS NEW YORK SPEAKER

Executive of Commercial and Metropolitan Casualty Tells Club There of Troubles With Class

NEW YORK, Nov. 25.—The prediction that companies writing health insurance will within a short time find it necessary to issue only a limited health policy was made last week by J. C. Heyer, vice-president Metropolitan Casualty and Commercial Casualty at the first fall meeting of the Accident & Health Managers Club here.

"Health insurance is a serious problem and I hesitate to suggest a proper form for companies to offer the insuring public," Mr. Heyer said. "We know that the first day cover, non-house-confining, is out of the question, so we believe that by eliminating the first two weeks of each illness disability period there may be profit, but so far this form has not produced a healthy result."

Rate Raise No Solution

"This class needs your careful study and it seems to me that no improvement will come from rate increase, because such action will leave you with potential losses on policyholders who are just about ready to send for the ambulance. Upward revision in rate would have a tendency to cause lapses on good risks and leave the companies holding the bag on the poor ones. Therefore, it might be wise to check loss by giving some thought to revision of form."

"The life companies have found it necessary to take drastic action in connection with permanent and total disability coverage issued in conjunction with life contracts, and I predict that the underwriters of health insurance will within a short time find it necessary to issue only a limited health policy. Companies are called upon to pay too many claims for rest cures, which, if properly classified, are nothing more than vacations."

Suggests Straight Indemnity Form

"Medical examinations in connection with issuance of health insurance will aid in reducing loss experience. However, such requirements will not solve our underwriting problems and this fact has been clearly established by the sad experience developed under former non-cancellable forms."

"The cure may be found in a straight total disability indemnity policy with no 'frills,' providing at least a two-week waiting period, limited to 26 weeks and in no event beyond 52 weeks' coverage, issued only on medical examination so as to avoid the organic illness claims causing long disability periods, for adequate premium. With the contracts of today the cure or remedy of loss can only be found in not issuing health coverage."

Reasons for Accident Losses

Mr. Heyer also pointed out the reasons for losses on accident policies, principally the liberalizations of the policy for the same premium as 25 years ago and the greatly increased accident hazard of today, most of which is due to the automobile.

"Today—and only because of desire for volume on the part of the underwriters—accident policies have been liberalized in coverage, by reason of what some term competition, to such an extent that restrictions are being advocated in order to save the business from certain loss to the companies," Mr. Heyer said.

Report on Guardian Casualty

On June 30, according to a report by the New York department, the Guardian Casualty of Buffalo had admitted assets of \$3,442,554; capital, \$650,000, and net surplus, \$292,804.

Heavy Loss Is Anticipated on 1931 Commercial A. & H.

EXPECT HIGHEST IN HISTORY

Chaotic Economic Conditions and Confused Underwriting Situation Are Held Mainly Responsible

There is every indication that commercial accident and health in this country will suffer in 1931 the biggest loss ratio in its history. There were 67 companies last year representing many millions of business which reported an average underwriting loss ratio on accident of 3.7 percent and on health of 2 percent, but it is anticipated that these figures will be considerably surpassed this year.

Many factors enter into the situation, not the least important of which is the highly competitive condition that has existed in the business for many years under which a multitude of policies was issued. This makes it difficult to draw accurate experience. In fact, one of the most brilliant accident underwriters this week states that the basic trouble is that companies have not been projecting their rates far enough ahead. It is said they have been basing their rates on experience the latest of which always has been about two years old.

Economic Change Factor

In the accident line change in economic conditions always has had an important effect. This has been particularly true since the fall of 1929.

Accident underwriters have used a judgment factor in arriving at rates, attempting to divine conditions which will occur in the next few succeeding years but the underwriter mentioned believes they have been considering too short a period for this purpose.

Experience always requires considerable analysis, as the true facts may not be apparent on the surface. For instance, it has been found recently that in general the average period of disablement has been running longer, although this does not necessarily show in the dollars and cents item which in many cases may be smaller than in the past. However, this is because the average unit of accident and health insurance sold nowadays is smaller. This has been one significant result of the stock crash and business depression. The public has been counting its pennies.

Now Claim-conscious

At the same time that it has been tightening on the amount it is willing to lay out for A. & H., it has become far more conscious of the possibilities claim-wise. Accident and sickness frequency is away up. The public is making claims for longer and longer periods under weekly benefits.

It is undoubtedly fortunate that underwriters generally have seen the dangerous trend and through the Bureau of Personal Accident & Health Underwriters of New York have taken definite steps to change it, effective early next year. However, the direct benefits will not be discernible immediately. It may take several years for any tangible results to develop from the complete rewriting of contracts on a standard basis for use by all member companies, and re-rating.

Employers Mutual Casualty Report

The Iowa report on the Employers Mutual Casualty of Des Moines as of July 31 shows that in the first seven months the net premiums were \$582,844. It has assets \$1,198,785, surplus \$208,577, premium reserve \$368,942, unpaid claims \$531,515.

American Surety Omits Dividend

The American Surety has passed its quarterly dividend. It has paid dividends amounting to 14 percent thus far this year.

SURETY BONDS

IT DOESN'T PAY.....

....to operate a business
without fidelity bonds

Employers annually suffer losses, through acts of dishonest employees, amounting to no less than \$200,000,000. Only a small percentage of such losses are covered by fidelity bonds.

"Trusted employees" occasion these peculations—men and women, who by their past records have proven themselves entitled to hold responsible positions, and who, because of their seeming integrity, have been selected custodians of the money and property of others.

Practically all defaulters and embezzlers were once honest; otherwise they would not have been placed in positions of trust.

Every business man is a prospect for Detroit Fidelity and Surety bonds.

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Arkansas, California, Colorado, District of Columbia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming

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"SAFETY AND SERVICE"

DETROIT FIDELITY & SURETY COMPANY

DETROIT, MICHIGAN

RALPH J. DALY, Vice-Pres.
Affiliates: Lloyds Casualty Company

Disability Insurance vs. Unemployment Insurance

SCHERR POINTS OUT DANGER

Urges Men in Field to Make Careful Distinction Between These Two Forms of Coverage

The danger that accident and health insurance may under present conditions be turned into unemployment insurance is pointed out by J. W. Scherr, president Inter-Ocean Casualty, who urges the men in the field to make a careful distinction along this line. Mr. Scherr says:

"The absolute necessity for protection against loss of time, so far as may be possible, is now generally accepted. There are two major causes for loss of time: one is from disability and the other is from unemployment.

"Definite means of protection against loss of time on account of disability has been scientifically provided, but so far protection against unemployment has not been worked out in this country. Whether some plan of unemployment insurance will be devised remains to be seen, but for the present at least it seems that the wage earner should take advantage of such protection against loss of time as is now available. This protection is called disability insurance.

Some Encourage Speculative Idea

"I have thought for a long time that many of our field men do not have an entirely correct understanding of the functions of disability insurance, or the correct application of these functions. Too many agents seem to have the idea that buying insurance is a speculation and thereby leave the impression that it is something which the insured can put a little money into and get more money out of. It is extremely important that the agent, who is the direct contact between the company and the policyholder, should have a very definite conception of the principles of insurance, so that he can impart the correct idea to his prospects as well as to his policyholders.

Should Protect Against Loss

"First of all, disability insurance, and in fact all insurance, is intended to protect an individual against loss. This protection may cover a contingency which may never occur, so far as that individual is concerned, but it will occur to a certain portion of a group of individuals. The funds out of which such losses are paid are made up of stipulated sums of money previously collected from a group of persons, of which such individuals were members. The amount necessary to be paid by each individual into this fund of course depends upon the amount of benefit to be paid on account of loss. Experience has shown that a given number of per-

sons in any group will lose a certain number of days on account of physical disability in a given time. Therefore it is a simple matter to determine the amount that each of the group will be required to pay into the fund to meet the losses. But when the custodians of this fund pay to members any sums which are not payable under the agreement, then all calculations are thrown out of gear.

Unemployment Benefits Sought

"During times of depression there are lots of people who are trying to collect unemployment benefits from their disability funds. The result of such a procedure is that the disability fund will be depleted through the payments of losses that have not been provided for. It is plainly your duty to see that the money you pay out is for loss of time due to disability, and not for loss of time due to unemployment for the simple reason that you have not collected any fund to cover the latter loss. This is a real problem and should claim the serious attention of every man in the organization."

Changes Title for Purpose of Uniformity in Group

The American Liability & Surety of Cincinnati is changing its name, effective Jan. 1 to the Western & Southern Indemnity Company. This gives a uniform name to all three of the insurance companies known as the Western & Southern group. These are the Western & Southern Life, the parent company; the Western & Southern Fire Insurance Company and Western & Southern Indemnity.

The Western & Southern Fire and Western & Southern Indemnity will be operated under the direction of William C. Safford, executive vice-president; Charles F. Williams, president of the Western & Southern Life, is also the president of the two other companies.

Has Not Taken Wholesale Action

The Maryland Casualty denies the report that a number of travel bureaus have been forced to go out of business because it had canceled their bonds. The company bonds steamship ticket agencies in favor of the Trans-Atlantic Passenger Conference. These are continued so long as the agency carries out its obligations to the steamship companies who are members of the conference. Some recent cancellations were due to the failure of agencies to live up to the conditions named in the bonding contract.

Louisville Election Dec. 4

LOUISVILLE, Nov. 25.—The Casualty & Surety Association of Louisville will hold its annual meeting and election Dec. 4. William G. Meinhardt, Edward J. Miller & Co., is president; and Matt O. Diggs, of the U. S. F. & G., is secretary.

CHANGES IN CASUALTY FIELD

Join Massachusetts Bonding

Former Union Indemnity Men in New Connections—Harlowe Service Man- ager—Form General Agency

LOUISVILLE, Nov. 25.—S. C. Harlowe, formerly in the Kentucky field service for the National Union Indemnity, prior to that company's withdrawal from Kentucky, has been appointed manager of the new Kentucky service office of the Massachusetts Bonding which will be located at 347 Starks building.

R. D. Williams, a former general agent at Louisville for the National Union Indemnity, and G. Dewey Detwiler, who was a National Union field man, have formed a new general agency, operating as Williams, Detwiler & Co., which will represent Massachusetts Bonding and be located in adjoining quarters at 345 Starks building. Mr. Williams, prior to representing the National Union, was a general agent for the Southern Surety, which also withdrew from the state.

Grupe and Taylor Resign From Continental Lloyds

Orville J. Taylor of Taylor, Miller, Busch & Boyden, and A. H. Grupe have resigned as directors of the Continental Agencies, Inc., managers for Continental Lloyds of Chicago, and now have no connection with this carrier or its successor, Lloyds of America. They shortly will announce the formation and inauguration of a new Lloyds now in process of organization. They have withdrawn from the offices of Continental Lloyds in the Insurance Center building and now have headquarters in room 1201, Continental-Illinois Bank building.

Continental Lloyds for the time being is quiescent. The new title, Lloyds of America, was suggested by Messrs. Taylor and Grupe shortly before their withdrawal and has been approved as an alternate title by the Illinois department.

Parker Resigns Post

M. A. Parker, underwriter of the American Preferred Risk of Chicago, has resigned. Mr. Parker has been in the connection a little over a year and it is expected will announce a new connection soon. The American Preferred Risk has not as yet made an appointment to fill the vacancy.

Jenkins Opens Offices

L. E. Jenkins, well known Chicago casualty adjuster, has incorporated as of Dec. 1 under the firm name of L. E. Jenkins & Co., with offices at 176 West Adams street. Since operating as an in-

dependent claim adjuster, he has made splendid progress in his territory. He has a background of 16 years' claim experience in the casualty field, having been associated in the claim departments of the Travelers, London Guarantee and Norwich Union Indemnity. His office specializes in handling casualty lines.

Calvin Named in Illinois

Robert L. Gueydan, manager of the Chicago office of Lloyds Casualty and the Detroit Fidelity & Surety, announces appointment of Robert G. Calvin as field representative for Illinois. Mr. Calvin has represented the Standard Accident in Illinois for a number of years.

Joins Massachusetts Bonding

KANSAS CITY, MO., Nov. 25.—"Jerry" Higgins, formerly manager here for the Home Indemnity and Southern Surety company, has been named assistant manager of the Massachusetts Bonding's branch here, under Walter L. Eckrote.

Gets Norwich Union on Coast

The Washington General Agency, of which D. C. McKee is president, has obtained representation of the Norwich Union Indemnity, as general agent in Washington and Oregon. He will handle all casualty lines.

Casualty Changes

H. A. Feustel, formerly special agent of the Independence Indemnity, has joined the Newark branch office of the Jefferson Standard Life.

Charles B. Mason has joined the legal department at the Newark office of the Hartford Accident, succeeding Victor C. Hansen, who has gone into private practice of law.

Norman Clark, from the Travelers' home office, has taken temporary charge of the casualty division in Louisville, filling a vacancy caused by recent resignation of Fred G. Rose, account of illness.

Claim Men Meet Dec. 7

LOUISVILLE, Nov. 25.—The Claim Men's Association of Louisville has decided to hold monthly dinner meetings instead of luncheons. The annual meeting and election will be held Dec. 7. After that all meetings will be on the first Monday of the month.

Casualty Notes

The New York City Accident & Health Underwriters Club will hold its first meeting of the season Thursday evening. The speaker will be J. C. Heyer, vice-president Metropolitan Casualty.

Due to a continued increase in its accident and health business, the Michigan Life has added Tom L. Knight to the staff of the department as an additional claim adjuster. Mr. Knight has had 12 years' experience in this work.

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SUBURBAN AUTO INSURANCE CO. - LOMBARD, ILLINOIS

WORKMEN'S COMPENSATION

Oklahoma Grants Rate Raise

**Compensation Increase of 47.5 Percent
Approved Unanimously by State
Board, Effective Oct. 1**

OKLAHOMA CITY, Nov. 25.—The state insurance board has granted an increase of 47.5 percent in compensation rates in Oklahoma, effective as of Oct. 1. The National Council on Compensation Insurance had requested a 57.9 percent increase.

The board, after a series of hearings and investigations going through most of the summer, voted unanimously for the 47.5 percent increase. Under present conditions in Oklahoma, and the experience of the companies for a period of five years, there was nothing else that in justice could be done, it is pointed out. The increase was strenuously opposed by members of the Associated Industries of Oklahoma, and it is conceded that the matter will finally find its way to the supreme court. Orders of the board may be appealed from directly to the court.

Many Carriers Have Withdrawn

Company after company has withdrawn from Oklahoma and those remaining in the state are doing their best to care for their old customers without any effort to write more business—but they can not continue to do so without rate relief. Some insurance men believe more companies will withdraw from the state under the board's new ruling.

The policy of Judge Thomas H. Doyle, chairman of the industrial commission, in reopening and awarding additional damages in cases closed five or ten years ago, is believed to have a strong influence on the companies in withdrawing from the state. This, with the larger awards being granted by the commission, is said to have resulted in Oklahoma leading the United States in this type of loss last year.

Governor Murray has intimated several times that he may initiate another bill in the spring providing for a state compensation fund. Such a bill was introduced in the last legislature but failed to get by in committee.

New York Amendments Will Reduce Expense Materially

Amendments to the rules and procedure of the Compensation Insurance Rating Board of New York governing the application of the industrial compensation rating schedule to become effective Jan. 1 have been approved by the New York department.

Frequency of rating surveys will be reduced and interim checking of the rates is provided as means of reducing expense.

On risks developing an estimated premium of \$150 to \$500 and an annual payroll of not less than \$15,000 in classifications subject to schedule rating, one rating survey every three years is provided. One interim survey may be had during the three-year period. On risks developing a premium of \$500 to \$1,500 one rating survey every two years with one interim survey are provided. One survey each rating term is provided for risks producing a premium of more than \$1,500.

Interim surveys will not be made effective unless the net change exceeds 5 percent of the annual premium, subject to a minimum of \$25. Where the survey produces a result less than that, the cost is to be charged to the insurer requesting the interim.

Thus, each risk with premium over \$1,500 will be inspected in 1932; half of the risks with premiums between \$500 and \$1,500 will be inspected in 1932 and the other half in 1933 and one-third of the risks with premiums be-

tween \$150 and \$500 will be inspected each of the years 1932, '33 and '34.

New California Manual Out

SAN FRANCISCO, Nov. 25.—The 1932 California workmen's compensation manual, which has just made its appearance, shows a general increase of 2½ percent over the present year.

While rates for a number of the principal industries of the state show some marked and sharp advances, several other of the outstanding industries are to enjoy a decreased rate, while drastic changes in the iron and steel classifications are shown, with some branches of this industry up and some down. Among those which will hereafter pay an advanced rate are: rubber tire manufacturing, junk dealers, concrete and earth dam construction, truckmen and wreckers (not marine). Others which will show merely a nominal increase are steel locks and gates, iron and steel erection not otherwise classified, millwright work, mining of all classes, marine wrecking and oil producing.

New Pennsylvania Rates Out

PHILADELPHIA, Nov. 25.—The new compensation manual of the Pennsylvania Rating & Inspection Bureau becomes effective Jan. 1. Policies expiring up to Jan. 14 will not be disturbed, although existing contracts expiring on and after Jan. 15 must be endorsed in accord with the provisions and rates of the new manual. After Jan. 1 a charge of \$25 will be imposed for the reinspection of any risk for schedule rating purposes, and "risks with an experience rating credibility of 75 percent or more for their own experience will be ineligible for schedule rating."

North Dakota Fund Hard Hit

BISMARCK, N. D., Nov. 25.—Unless the accident rate in North Dakota is checked, a marked increase in rates is inevitable, according to R. E. Wenzel, compensation commissioner.

In the past 12 years 39,928 industrial accidents have cost the bureau \$5,143,048. While the payroll exposure has decreased the last few years, accidents have increased. In 1927, the payroll exposure was \$51,000,000, with 4,509 accidents. This year, payroll is estimated at \$42,000,000 and accidents at 6,100.

Record Breaking Awards

NEW YORK, Nov. 25.—Verne A. Zimmer, director workmen's compensation bureau, New York State Labor Department, in a recent address said that the total awards for compensation of \$36,000,000 during the last fiscal year surpassed all records. Two reasons for this increase, Mr. Zimmer said, are the increasing use of machine processes requiring less man power and the "inclination of the average worker to take advantage of the compensation offered because of the prevailing economic conditions."

Sunstroke Ruled "Accident"

Sunstroke in line of duty is an accident entitling an employee to compensation, the Maine industrial commission ruled in the case of Brown vs. P. G. Willey & Co. Brown was wheeling coal on the run when he was overcome. The commission ruled that the employment contributed directly to the sunstroke and exposed the workman to a hazard beyond the usual hazards in the community, or, for that matter, of other outside workers in that vicinity.

Dispute Over Deductible Form

MONTGOMERY, ALA., Nov. 25.—Another interesting controversy has developed in the Alabama insurance department on the question of whether

the department can regulate the writing of compensation policies with deductible average or excess coverage endorsement.

W. V. Howland & Co., of New Orleans, general agents for a company providing such policies for two lumber concerns in Alabama, has protested the Alabama department's regulation. The New Orleans concern contends that this coverage is not workmen's compensation insurance and therefore the promulgation of premium rates is beyond the province of the rating bureau.

Cooperate on Inspection Work

TOPEKA, KAN., Nov. 25.—Arrangements have been made and an agreement signed whereby factory inspections in Kansas hereafter will be handled cooperatively by the insurance companies writing compensation, the self-insurers and the state bureau of labor and industry. In September C. J. Beckman, state labor commissioner, called a conference of insurance representatives and employers to discuss the proposals to obviate much of the duplicative inspection work.

Partner Not Covered

MONTGOMERY, ALA., Nov. 25.—A member of a partnership cannot be

covered by compensation insurance carried by the partnership for the protection of its employees, according to a ruling which has been made by the compensation bureau of the Alabama insurance department. A great many carriers in the past have adopted the custom of including a co-partner in the coverage on a \$2,000 salary basis, but, under the ruling just made, this was contrary to the Alabama compensation law.

Lightning Injury Compensable

OKLAHOMA CITY, Nov. 25.—The Oklahoma supreme court has held that a workman injured when lightning strikes a house where he had taken refuge during a storm was entitled to compensation. The case was that of C. A. Mahon, an employee of the Consolidated Pipe Line Company. This ruling reverses a former opinion of the court. Justice Riley, who wrote the former opinion, dissented from the latest opinion and adheres to his former holding that the peril to the employee was no greater than to all other persons within the territory of the storm and that the effect of this decision is to grant insurance "against every sort of calamity, which was not intended by the statute." He says that the law presupposes the existence of a causal con-

SPECIALISTS IN AUTOMOBILE INSURANCE

Illinois National Service is always nearby. Besides the Home Office in Chicago there is a branch office in Springfield to care for policyholders and agents in that section. Innumerable claim offices are located at strategic spots throughout Illinois and Indiana. In all other states of the Union and throughout Canada the company also has claim connections. No matter where or when a policyholder may need help Illinois National Service is not far away.

This nation-wide claim service combined with a strong policy written at independent rates gives our Illinois and Indiana agents a great value to offer their clients and prospects. That such value is in demand is proven by the fact that our agents have turned in so much business we have found it necessary to double our office space this year. There should be room in your agency for this company specializing in automobile insurance that offers such great value.



nection between the origin or source of the injury and the employment.

All Employees Counted

TOPEKA, KAN., Nov. 25.—Kansas factories which employ less than five men in the hazardous part of the plant may be brought under the operation of the compensation law if there are more than five employees engaged in the operation of the property according to a ruling by G. Clay Baker, chairman compensation commission. The commissioner awarded compensation to Roy M. Hazen from Hugh O'Donnell, operator of a bakery and grocery store in Kansas City, Kan. The commissioner held that all the employees of O'Donnell in the bakery and grocery store should be considered in determining whether or not the plant came within the operation of the compensation law.

Charity Recipients Under Law

ST. PAUL, Nov. 25.—Under a ruling of the state industrial commission, men and women who receive charity from the city or county but are permitted to work for it are entitled to compensation insurance.

Last winter a citizen sought charity from the county and city welfare board and was allowed to work in one of the city departments. He was paid at the rate of 45 cents an hour but in food and coal rather than cash. In a test case the industrial commission held that this constituted regular employment and that the employee was entitled to compensation.

Seeks to Extend Terms

LOUISVILLE, Nov. 25.—Governor Sampson, who retires from office in December, is endeavoring to continue the terms of at least some of his Republican appointees to the workmen's compensation board, reappointing three members, although their terms had not expired. The effect of this action would be to extend Republican control of the board into the term of the incoming Democratic administration.

However, the appointments have not been confirmed by the state senate, which may reject the appointments and then call on the new governor to submit names.

Date Determines Dependents

Under the Virginia compensation act, only such persons as were dependent upon an employee at the time of an accident resulting in death are entitled to compensation, the state industrial commission holds in the case of Mrs. Alverdia Holbrook et al vs. Hatton, Brown & Co. J. H. Holbrook suffered an accident while working for the company in southwest Virginia and died nearly five years later, leaving a wife and seven children. Five of the children were living at the time of the accident, while two were born between the date of the accident and death. The commission

held that death resulted from the accident but that the children born after the accident are not entitled to compensation.

Rule on Unusual Case

FRANKFORT, KY., Nov. 25.—Holding that if an employee provokes an assault by calling a fellow employee vile names, and is injured, he is not entitled to compensation because his injury did

not arise out of and in the course of his employment, the Kentucky workmen's compensation board refused an award to A. B. Hansen, foreman for the Frankfort Chair Company. The claimant was foreman for the chair company at the Kentucky reformatory in this city. He became involved in a dispute with a convict, made an insulting remark, and Rydner struck him on the head, fracturing his skull.

ACCIDENT AND HEALTH FIELD

Important Matters Come Up

Health & Accident Conference Executive Committee Expected to Have Active Session in Chicago, Dec. 4

A number of matters of importance are scheduled to come up for consideration at the meeting of the executive committee of the Health & Accident Underwriters Conference in Chicago Dec. 4. Reports are expected to be made by the two newly created committees appointed at the Washington meeting of the conference last May, those on impairments and claims, headed by C. O. Pauley, Great Northern Life, and on qualifications for membership, of which W. T. Grant, Business Men's Assurance, is chairman. It is probable that reports will also be submitted by the legal and public relations committees. It will be necessary to select a new member of the committee to fill the vacancy caused by the death of E. J. Faulkner, Woodmen Accident, shortly after his election to the executive committee at the Washington meeting.

Early reports received by Harold R. Gordon, executive secretary, indicate that there will be a large attendance of company executives in addition to the committee members, on account of the great interest in the vital changes that are being made in the business today.

Gibbs Heads Flint Managers

FLINT, MICH., Nov. 25.—The Flint Accident & Health Managers Association, at its first annual meeting the past week chose R. E. Gibbs as president; L. A. McKinnon, vice-president; Lena M. Cole, secretary, and Wesley King, treasurer. All will serve until October, 1932. The club was organized last June for the purpose of bringing about greater cooperation between managers of local accident and health offices.

Rio Grande Writes A. & H.

The Rio Grande National Life of Dallas has entered the health and accident field. Harry C. Jones is agency director and manager of the accident and health department. He was recently manager of the health and accident department of the American National at Galveston.

Pacific Mutual in Changes

Reduces Limits Dec. 1 on Total Writings of Disability Income on Non-can. A. & H. on a Life

The Pacific Mutual, effective Dec. 1, is modifying disability rules, limiting the maximum amount of non-cancellable accident and health it will issue to \$300 a month. The present figure is \$500. The upper limit of \$1,000 a month in all companies will continue as at present. It is understood that other changes are pending which will be announced later.

The company also is limiting disability income issued in connection with life insurance to \$250 a month on any one life, as against \$300 at present. The combined total limit of disability income and the non-can. A. & H. income indemnity also will be \$300 a month, as compared with \$800 limit at present.

These new limits will include any non-can. business already in force in the company or any disability benefits issued by the Pacific Mutual in conjunction with life insurance since Jan. 1, 1918. The limit for disability income for women will remain unchanged.

Chiropractors Recognized

The Sunset Mutual Life of Los Angeles is now taking examinations made by chiropractors for policies up to \$5,000, and it is announced that as soon as the reinsurance company with which the Sunset Mutual has a treaty will agree, this limit will be raised or eliminated.

Vice-president Mike O'Sullivan also announces that in all accident and health policies of his company chiropractors are recognized equally with the medical profession and that the Sunset Mutual is now establishing a complete chiropractic division on a par with the medical division.

Minot Association Operating

The Teachers Protective & Benefit Association of Minot is now operating in North Dakota. S. T. Lillehaugen is president; A. I. Peterson, county superintendent of schools at Washburn, vice-president; E. W. Ross, superintendent of schools at Towner and L. F. Rice, superintendent of schools at

Sherwood, directors. J. W. Hanson of Minot is secretary.

The company was incorporated this year. It is operated on the assessment plan. The membership fee is \$10 and the regular quarterly assessment is \$5. Additional assessments may be levied if necessary. For total sickness or accident disability, the association promises payment of \$25 a week for not exceeding 52 consecutive weeks. Other special indemnities for accident and sickness are listed. The principal sum is \$1,000.

State Reserve's Rapid Growth

DENVER, Nov. 25.—The new State Reserve Mutual, of which Rex Bixby is general manager, now a little more than three months old, is making rapid growth. "Starting from scratch and writing all the business ourselves," Mr. Bixby said, "we have nearly \$35,000 in annual premium income on the books. The first month showed 70 applications, the second 149, and to date we have 181 this month, which will run over 200."

J. M. Campbell is chairman of the board; S. B. Lacy, president; W. H. Watlington, vice-president; Dr. C. H. Willis, medical director, and Charles Mehlman, actuary. All are officials of the Colorado Life.

Oral Contracts Prohibited

Oral contracts for accident insurance are prohibited in Illinois, the Illinois supreme court has held in affirming a judgment for the defendant in an action brought against a company on an alleged oral contract for accident insurance. The case was entitled Pralle vs. Metropolitan Life.

The fact that the agent has received the first year's premium with the application and that the insurance was to become effective as of the date of the application if the application was accepted does not permit recovery in an action at law, even if the company would have issued the policy except for information received that the applicant had met an accidental death, the court held.

Directed Verdict for Companies

Federal Judge Dewey of Ottumwa, Ia., directed a verdict for the companies in the case in which Emma Haw was seeking to collect double indemnity from the Pacific Mutual under a life policy and \$7,500 from the Travelers under an accident policy, both on the life of her husband who died as a result of sunstroke. The Pacific Mutual had paid the single indemnity.

Claim Association Reelects

C. O. Pauley, Great Northern Life, was reelected president of the Chicago Claim Association at its annual meeting last week. All of the officers who have served the past year were also reelected, including Edward St. Clair, North American Accident, vice-president; Gar-

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FIRE
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field Donovan, Benefit Association of Railway Employees, secretary, and L. L. Phelps, Great Northern Life, treasurer. President Pauley and Vice-President St. Clair were both in Salt Lake City for the conference with western insurance commissioners regarding new rulings affecting accident and health insurance, and Secretary Donovan presided in their absence.

Leonard Keeler of the scientific crime detection laboratories, affiliated with Northwestern University, told of the results obtained with the so-called "lie detector," which he had a large part in developing, and demonstrated its use.

Principal Sum Restriction

The Phoenix Indemnity has announced that it will not participate in writing any accident risks carrying more than \$50,000 principal sum. This action is in accord with the present trend toward much closer underwriting of principal sum amounts.

Stage Thanksgiving Party

DETROIT, Nov. 25.—The Detroit Accident Managers club opened its 1931-32 season with a Thanksgiving party Friday evening. Canned speeches and shop talk having been tabooed by President George Brown, a couple of hours were devoted after dinner to singing popular song choruses and telling stories. The singing was led by Bob

Comer and J. P. Collins presided over the spontaneous anecdote feature. H. H. Jones was organizer and manager of the festivities.

Old Line Life Shows Gain

MILWAUKEE, Nov. 25.—The accident and health department of the Old Line Life will close the year with an increase in business over 1930 of about 7.5 percent. In 1930 the department registered an increase in business over 1929.

New Title Is Adopted

The Fraternal Protective of Boston, Mass., has changed its name to the Massachusetts Indemnity. This company started in 1903 and writes health and accident insurance. H. B. Billings is president and H. J. Tripp superintendent of agencies.

Accident Notes

The United Benefit Life of Omaha, which has been writing life insurance in Illinois, has also been licensed to write accident and health.

C. B. Adams, several years manager for the Business Men's Assurance at Nashville, Tenn., has become claim adjuster for that and surrounding states with headquarters at Nashville.

The Washington National has opened a branch office in Newark with W. O. Barnes as manager. Mr. Barnes was formerly in Jersey City for that company.

FIDELITY AND SURETY NEWS

Hold Bills Not Counterfeit

Issue Arose Over Use of the Term "Securities" in a Banker's Blanket Bond

The Metropolitan National Bank of Minneapolis vs. National Surety case involves an issue over a banker's blanket bond. The United States district court in Minnesota held that an unsigned deed, bill of lading or other instrument, the validity of which is dependent upon the signature of the person who makes or issues it, is susceptible of use as an instrument of fraud, but is not a counterfeit. The court held it is not a false image or resemblance. It actually purports to be nothing more than what it is—an invalid instrument because unsigned. It does not of itself deceive anyone. The contract involved in this case did not pretend to indemnify the bank from loss because of the acceptance of unsigned securities as valid. The judgment of dismissal was entered in favor of the defendant.

The bond provided that the word "securities" should include warehouse receipts and bills of lading. The bank became owner of seven drafts drawn by the Judith Milling Company. Attached to them were forms of bills of lading describing certain flour and containing the names of supposed consignees. The bank supposed that the papers attached were genuine bills of lading. None of the bills were signed by the agent of the carrier named on the form, and the flour described was never delivered to the carrier. The Judith company went into bankruptcy. The bank held that the unsigned bills of lading were counterfeits, and that it is entitled to recover from the National Surety.

Michigan Treasurers' Bond Situation Solutions Given

LANSING, MICH., Nov. 25.—Varied solutions adapted to local conditions will probably be utilized in meeting the problem of supplying city, village and township treasurers with bond protection during the tax collection season, which starts in a week.

Some of the companies are now indicating that they will write some of this

business at an increased rate and under specified conditions. The rate to be collected will be \$4 a \$1,000, it is indicated, double the usual charge. The depositories will be designated by the companies, in such cases, and the business will be written only in selected localities.

It is anticipated that the attorney-general will recommend to the local treasurers that they arrange with their depositories to accept the tax moneys as trust funds not subject to the hazards of ordinary deposits. Personal bonds would then be written for the treasurers by bank officials, under this plan, perhaps with the endorsement attached as it is believed the courts would accept the limiting provision for personal bondsmen but might read a broader coverage in line with provisions of the law into a bond provided by a surety company.

In some of the larger cities a plan is afoot to have the city, village and township treasurers utilize only the depositories designated by the county board for use of the county treasurer and place the funds directly to the credit of the county treasurer. The state law relieves the county treasurer from personal responsibility for deposited tax monies.

Attack Denial of Preference

LINCOLN, NEB., Nov. 25.—Attacking the constitutionality of a part of the banking law, which a district court judge held barred bonding companies from any participation in the assets of failed state banks where they had repaid counties the amount of deposits they had guaranteed, the National Surety, American Employers and New Jersey Fidelity & Plate Glass have appealed to the supreme court. They claim they should be given priority over all other depositories because the money lost was a trust fund, and that at the least they should share equally with other depositories. The lower court held against them on both propositions.

May Test Public Deposit Law

MUSKEGON, MICH., Nov. 25.—A court test is looming here on the validity of the Turner laws enacted by the 1931 legislature permitting banks to put up part of their own securities in lieu of surety bonds as protection for deposits of public funds. The People's State Bank for Savings accepted funds

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belonging to Muskegon county, the city of North Muskegon, and several townships and posted securities exceeding \$120,000 in par value. The Bankers Trust company, as custodian, at the instance of the county, city, and townships, sold the deposited securities when the bank closed, as provided under the depository agreement.

A. J. Maynard, receiver for the bank, now is attacking the trust company's action, claiming it to have been illegal and he has sent notices to the various interested political subdivisions demanding recovery of the bonds for the benefit of depositors and creditors in general.

Do Not Affect Bonds

Provisions of the insurance code of the state of Washington requiring filing of rates and prohibiting deviations therefrom do not apply to custom house bonds running to the federal government, Attorney-General E. W. Anderson has ruled in an opinion to Commissioner H. O. Fishback.

Southern Surety Is Liable

Judgment in favor of Rex Novelty Works against the Southern Surety under a depository bond guaranteeing funds in the Bank of the United States, has been affirmed by the court of appeals of New York State.

The Southern Surety denied liability, contending that inasmuch as the novelty works owed the bank \$70,000, the deposit of \$18,000 should be offset against this indebtedness.

Important Issue Settled

The surety under a contract bond cannot require an owner to accept a new contractor when the original contractor defaults. This was the decision of the court of appeals of New York State in affirming the judgment of the appellate division and the supreme court in the case of Cemetery Gardens vs. Globe Indemnity.

Green Bay Loss Paid

GREEN BAY, WIS., Nov. 25.—Payment of \$25,000 to L. H. Bosworth, receiver of the McCartney National Bank here, was made by the Fidelity & Deposit in full settlement of a blanket bond written for the bank. J. H. Taylor, chairman of the board of the bank, is under a federal charge alleging misuse of bank funds.

Gasoline Men Must Post Bonds

LANSING, MICH., Nov. 25.—Gasoline distributors who cannot provide a satisfactory credit statement must furnish the state with bonds after Jan. 1 to guarantee payment of the three cents per gallon tax. The general bond situation is such, however, that is considered somewhat questionable if all of the distributors applying will be able to get bonds and there may ensue a considerable reduction in the number of those

CASUALTY PERSONALS

Frank D. Davy, formerly agency manager for the Continental Casualty, who a few years ago was doing some work for the Century of Progress Exposition in Chicago, has reentered the business, attaching himself to the Chicago branch of the Continental Casualty and Continental Assurance. Mr. Davy has a large acquaintance in Chicago and is thoroughly versed in insurance. He was formerly claim agent for the Rock Island railroad in Chicago and resigned to become assistant to the late L. E. Brown, who was superintendent of the claim department of the Continental Casualty. In 1906 he became superintendent of the commercial department in charge of agents selling the professional and business men's policy. In 1910 he became agency manager and a year later resigned to enter the merchandising line.

Harold G. Hoffman, commissioner of motor vehicles of New Jersey, who is working in close cooperation with the casualty companies in that state, has been appointed chairman of the National Safety Council's committee on uniformity of motor vehicle and traffic laws. Mr. Hoffman has on a number of occasions been a guest and speaker at casualty association meetings.

D. J. Donohue, assistant manager of the service office of the Royal Indemnity

and Eagle Indemnity in Chicago and head of the bond department, is seriously ill with pneumonia at his home. The attack came on at the annual meeting recently of the Surety Underwriters Association of Chicago. Mr. Donohue had arranged to start that night on a swing around the circuit visiting agents, but his friends in the association dissuaded him. It was not until the next day that it was discovered he had pneumonia. He is still quite ill but his fever is reduced and he is resting much easier.

The "Effandee" Club, which is composed of home office employees of the Fidelity & Deposit, staged "The Gypsy Rover," a romantic musical comedy in three acts, at the Maryland Casualty auditorium in Baltimore last week. A return performance for charity is planned.

W. A. Chowen, manager of the California Inspection Rating Bureau, will speak before the Northern & Southern California Association of Ice Industries, meeting at Del Monte Nov. 30-Dec. 1, on "The Structure of Compensation Rates and How to Reduce Them."

Miss Geraldine Keelan, daughter of John A. Keelan, assistant secretary and agency manager of the Time of Milwaukee, was married to Dr. A. C. Grosspietsch in Milwaukee on Saturday.

handling gasoline on this basis. There are now 700 active distributors, according to the secretary of state. The law provides for a maximum bond of \$25,000.

Watch Nebraska Situation

NEW YORK, Nov. 25.—Surety underwriters are watching with interest the effort of the state banks of Nebraska to escape compliance with the law enacted last year, levying a tax upon them to make good the impairment existing in the state bank guarantee fund. When the old guarantee statute was repealed in 1930 the state banks were obligated under a new law to contribute \$350,000 annually until such time as the deficit in the guarantee fund was wiped out. The banks declare the law to be confiscatory. A temporary order restraining collection of the assessment has been issued by the district court at Lincoln pending a hearing of the case upon its merits.

County Requires Deposit Bonds

MANITOWOC, WIS., Nov. 25.—The county board of supervisors has passed a resolution which specifies that county depositories must furnish adequate surety bond. Four local banks advised the county that under present conditions they would be unable to pay

any interest on daily deposits. One bank cited the mounting cost of surety bonds, advising the board that as soon as a definite price for bonds has been established it will be glad to meet the county finance committee and set an interest rate.

May Discontinue Class

Abolition of the class of special surety agents in New York City to whom companies are entitled to pay commissions higher than those paid to brokers is predicted. At this time of year, the arbitrator for the surety acquisition cost conference for New York City has been accustomed to announce the names of such agents privileged to get the extra commissions during the next six months. No announcement is made now. A successor to the late Col. George U. Pope, one of the class, has not been announced.

Many Missouri Bank Robberies

There were 59 bank robberies in Missouri between Jan. 1, 1931 and Oct. 1, President Charles B. Mudd told members of the Missouri State Association of Bankers at the seventh regional district meeting of that organization at Springfield, Mo. Bank robbers have been more active this year than at any time in the history of Missouri banking.

BURGLARY

See Higher Burglary Ratio

Companies Anticipate an Increase in Claims in Winter Due to Unemployment

NEW YORK, Nov. 25.—Returns coming from the field in casualty companies writing burglary insurance indicate that the loss ratio will be increased this winter because burglaries are being reported in larger numbers from every section. There are more people out of work than ever. It is found that people who had some savings last year have exhausted their nest eggs. Hundreds of thousands of people are not able to secure work. Many have become disconsolate and are spurred on by self preservation. Hold-ups are more numerous than before. In fact crime authorities do not hesitate to say that this coming winter promises to be the most acute that the country has ever encountered. The economic depression is leaving its effects in all directions. Companies selling the store policy which covers the burglary and hold-up hazard find that it is being bought very freely by smaller stores in the outskirts of cities or in the medium sized and smaller points. When companies analyze their burglary claims they find that both residence and mercantile losses are mounting. There is only one reason to account for it and that is unemployment.

Pays \$61,000 for Bank Bandits

LOUISVILLE, Nov. 25.—The Kentucky Bankers Association has paid out \$61,000 on 61 convictions of bank bandits, under its standing award of \$1,000 per bandit, since adoption of this plan on April 6, 1921. Three additional convictions have been made in which awards will be paid as soon as agreement is reached by the captors as to how it is to be paid. No awards are paid except where agreement has been reached, even if necessary to have the courts decide.

Under the plan at least 400 of the members of the organization agree to pay \$2.50 each per bandit on conviction. The average for the ten years has been a little more than \$16. For the fiscal year to date the cost has been about \$50 per member, due to increased hold-ups.

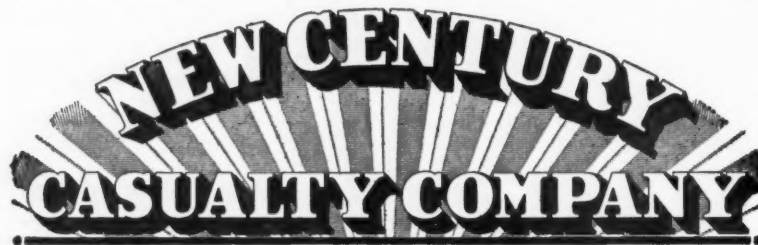
Many Wisconsin Banks Looted

MILWAUKEE, Nov. 25.—Bank robberies in this state are showing an alarming increase, culminating in the \$90,000 robbery of the Kraft State Bank of Menomonie, where bandits shot one of the sons of the owner of the bank, and killed another son.

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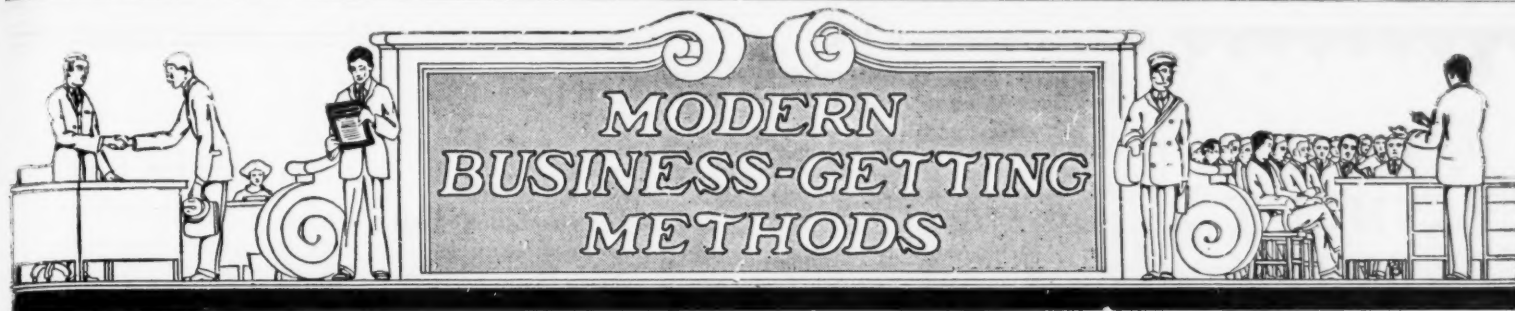
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Opportunities for Local Agent to Sell Life Insurance Today

R. H. Beard of Chicago, who conducts an agency dealing in all kinds of insurance, sees the opportunity for the fire and casualty salesman adding to his income by taking on life insurance. Mr. Beard says:

"Probably there was never a period when greater changes were taking place in all lines of business than at present. We hear on every hand of old methods and customs being cast aside for newer and better ideas. Nearly everyone has found himself out of step and has had to make changes to adjust himself to new conditions. Rapid financial changes are also taking place. Rich men of yesterday are poor today. On the other hand, many are now working harder and making greater strides than at any other time in their careers. They are readjusting themselves and their businesses to new conditions, and when good times come they will be the first to reap the benefits.

Now Sell Life Insurance

"One of the noticeable changes in the insurance business is the rapid encroachment of casualty and fire agents into the life insurance field. Up to a comparatively recent date the selling of this class of protection has been practically monopolized by life insurance specialists. General insurance agents stood by and allowed strangers to sell their customers life insurance. Today these agents are battling for this business with wonderful success, and they are now writing millions of dollars of life insurance that formerly went to life insurance specialists.

"General insurance agents made the mistake of selling life insurance the same as they would casualty and fire insurance. They usually featured too much the benefits that would accrue under the policy in the event of death. This, to many people, is not a very

happy thing to think about. The sale of "die-to-win" insurance has to be handled very diplomatically. As a rule, life insurance can be more easily sold as a banking proposition.

"Too much stress was often put on the low rates and great financial responsibility of the particular company they were selling for. The fact that most agents claim that their rates are lowest and their company is the strongest has little selling appeal to the average prospect. An agent who has learned to tell in an interesting and understandable way what life insurance will do to personally benefit a prospect as well as his dependents, will have success selling life insurance."

Divide 5-Year Policies to Cut Down Premium

LOUISVILLE, Nov. 25.—A new plan is being successfully used by some agents here in helping large insurance buyers who hesitate about renewing three or five-year term policies on account of the size of the premium.

Instead of writing one policy for the entire amount and for five years, five policies are written, one each for one, two, three, four and five years, each for one-fifth of the total amount of coverage. It is reported that under this plan the cost figures out exactly at the three-year term, making the cost less than for a one-year policy and somewhat higher than for five years, but the amount of initial payment is reduced very considerably.

Has No Recourse on Losses on Reinsurance Companies

Question—One of our assureds has inquired of us as to his status with reference to a fire policy that is reinsured in other companies. For instance, he has a

\$100,000 policy. He understands that this was reinsured down to \$25,000 in the primary company. In case the primary company got into trouble and went in the hands of a receiver, could he recover from the reinsurance companies?

Answer—The assured deals only with

the primary company. He has nothing whatever to do with the reinsuring company. The receiver would go after the reinsurance companies for their share of losses but the recoveries would go to the general fund for the benefit of all creditors.

Questions and Answers on Some Insurance Problems

The Phoenix of Hartford in its house organ gives some questions and answers that are of interest to all agents as follows:

Question: What is the difference between use and occupancy insurance, profits insurance and commissions insurance?

Answer: The fundamental difference between use and occupancy insurance and profits insurance is that use and occupancy insurance is based mainly on prospective earnings, whereas profits insurance is intended to cover the profits on finished goods awaiting delivery in the hands of a manufacturer or jobber. The profits covered under a use and occupancy contract are still to be earned. The profits protected by profits insurance have been earned, for the stock has passed through the manufacturing process and is awaiting delivery to some purchaser.

Profits insurance is objectionable when it is so written that a loss to the merchandise will pay the assured a profit that would not have been made had there been no damage to the stock.

Commissions insurance is designed to protect the commission merchant or jobber who contracts with a manufacturer to sell his output on a commission basis. If the manufactured product of the mill burns, the jobber cannot make delivery and loses the sale of the merchandise and, of course, his commissions. Commissions insurance will protect him against this loss.

Question: I am inaugurating a campaign for U and O insurance and intend to solicit a friend who is a dentist. Do you think dentists as a class have a need for use and occupancy insurance?

Answer: In our opinion, a dentist is not a good prospect for use and occupancy insurance. In the event that the contents of the office of a dentist were totally destroyed by fire, it would not

ordinarily require more than a few days for the dentist to find another location and re-equip his office. Therefore, there would be only a small claim under a use and occupancy contract, hardly enough to warrant the premium outlay. In our opinion, we should not sell an assured a contract of any sort unless there is a real need for it. Possibly in the instance which you have in mind, the time required to find another location and replace the equipment would be much longer than mentioned above; but with dental supply houses in nearby large cities it is difficult to imagine such conditions.

Question: I am told an agent cannot make a contract with himself. How should he go about insuring his own property in companies represented in his agency?

Answer: Secure the company's approval by letter, filing the company's letter of acceptance with the policy; or forward the policy to the company with the request that it be endorsed "approved," over an officer's signature, and returned to you.

Question: One of our assured plans to be away from home for two or three months. During the time a neighbor is to inspect the property weekly, in view of which the assured does not feel that he should be called upon to pay an unoccupancy charge. Will you please favor us with your opinion?

Answer: A weekly inspection of the property by a neighbor can hardly be construed as actual occupancy of the premises. However, may we suggest that you point out to the assured that the printed conditions of the policy of your state permit thirty days' vacancy or unoccupancy, and that the form attached to the policy grants thirty additional days' vacancy or unoccupancy in any one policy year. In consequence, there would be no need to pay for the unoccupancy unless it exceeds sixty days, and then only for the excess time over that period.

Picture of Bridge Collapse Is Used as Object Lesson

Printing pictures of a truck and sedan suspended in the collapse of the Halstead street bridge over the south branch of the Raritan river at Clinton, N. J., the National Union asks, "Are the bridges in your locality properly insured?"

Bridge property, the National Union points out, can be insured under two different policy forms, property damage and use and occupancy. The first form covers against loss or damage by fire, lightning, tornado, windstorm, ice, earthquake, strikes, riot, civil commotion, explosion, malicious mischief, collision, collapse and flood. The use and occupancy form will indemnify the owners of toll bridges for loss of earnings during the period of suspension which the bridge would have produced had no loss occurred.

From the picture, the National Union points to the necessity for motor truck cargo insurance. The truck in this accident was suspended in such a way that in rescuing it, the danger of its tumbling into the river existed.

Digests Ohio Surety Laws

NEW YORK, Nov. 25.—Cyclopedia of Surety Laws—Ohio, a volume of 278 pages in loose-leaf form containing the laws and ordinances under which surety bonds are required in Ohio, has been issued by Luther E. Mackall, 27 William street, this city. It is the first of a series which he intends issuing for the different states, a work which will prove invaluable to underwriters, claim men and others having to do with granting or servicing surety bonds of any character.

Through use of the loose-leaf system, amendments in the law or additions can be inserted as occasion demands. In his preface, Mr. Mackall points out that nearly all surety bonds are given in pursuance of statutory requirement and the underwriting information as to any particular bond is not complete unless the underwriter has access to the essential provisions of the statute under which the bond is required

and the ordinances and regulations, if any, made in pursuance of the statute and a summary of the decisions of the courts affecting the liability under the obligation to be assumed.

Underwriters have been accumulating this information for years, but it was not gathered together in one volume.

Following a few pages of general rules affecting the rights and obligations of sureties, the book is arranged under various classes of bonds, with necessary information concerning each and reference to the section of the statutes or decision of a court.

The book sells for \$50 the copy. Mr. Mackall in addition to being a lawyer is an underwriter of ripe experience, having been connected with several leading surety companies for a number of years, prior to establishing himself as consultant some months ago. His training admirably qualifies him for the task in which he is now engaged.

Agreement Is Reached as to Coast Accident Rulings (CONTINUED FROM PAGE 38)

had attended the meeting at Portland when the matter was originally discussed, were present at the Salt Lake meeting and took an active part in the discussions.

In addition to the committee of five officially delegated to represent the accident and health companies at this conference, President A. E. Forrest, North American Accident; President W. G. Curtis, National Casualty; F. H. Hunter, vice-president Interstate Business Men's; H. R. Gordon, executive secretary Health & Accident Underwriters Conference; F. Robertson Jones, secretary Bureau of Personal Accident & Health Underwriters, and E. C. Hall, manager accident department Pacific States Life, attended the meeting. Several companies were represented by their state or local managers.

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Michigan Department Asks Republic Auto Trusteeship

(CONTINUED FROM PAGE 4)

It is considered probable that if the commissioner is made trustee that this arrangement will be of a temporary character with a receivership certain to follow. Under a trustee's regime the policyholders will not be automatically deprived of all protection immediately and it is believed several other advantages over a receivership will result.

The Republic, which was licensed to operate in Illinois, Ohio, and Indiana, in addition to Michigan, has suffered huge depreciation in its bond investments, it is stated, and has \$326,710 premium accounts outstanding for more than 90 days and designated as virtually worthless. Most of this sum is due from the Michigan general agency, Parrish, Roskam & Keller, and it is stated that all accounts due from the agency both of more than 90 days' standing and of a less period, are "of little or no value." It is stated that a gross deficit of \$509,263 is revealed, which is reduced \$200,000 by the capital stock outstanding. The court is informed that further transaction of business would be hazardous to the policyholders and creditors.

Get One Percent of Premiums

The MaDan examination report appended to the petition brings out the fact that Parrish and Roskam each had contracts with the company under which they collected one percent of the gross premiums written less cancellations in lieu of all other salaries as officers. Each has signed waiver of further claims after Sept. 1, 1931, it is noted. Gross premiums collected for the nine months ending Sept. 30, 1931, are given as \$1,405,013, the net premiums amounting to \$883,429. Net claims paid for the period are placed at \$382,456, adjustment expense at \$22,687, commissions, \$182,749. Total disbursements are given as \$1,034,811, leaving a book balance of \$1,055,635.

Loss from miscellaneous items during the nine months' period is fixed at \$207,992, while the loss through change in market value and through sale of bonds totals \$27,384, according to the examiner. The increase in excess of value of buildings over the amount admissible as assets is placed at \$46,053. The decrease in surplus during the period amounted to \$248,988, it is stated, a deficit of \$260,275 existing as of Dec. 31, 1930, having been run up to \$509,263 in the subsequent nine months. Total accounts receivable are placed at \$609,246, of which \$326,710 have been outstanding over 90 days. Reinsurance receivable from the New York Fire on paid losses and expenses amounts to \$24,850, it is stated.

Securities Depreciated

Book value of bonds held is cited at \$108,774, with a par value of \$104,000. The appraisal value of these holdings as of June 30, 1931, is but \$83,500, according to the Detroit Trust Company. It is stated that no actual market value could be obtained for bonds of a par value of \$69,000 due to the financial condition of the municipalities issuing the securities. Bonds having par value of \$100,000 are on deposit with the state treasurer, representing nearly the entire holdings of the company. These deposited securities have an appraised valuation of \$79,560.

The value of real estate held by the company is carried on the books as \$208,461, the examiner states, "an amount greatly in excess of the present market value." The home office building was bought some years ago for \$130,000. It was appraised for the department when the company was licensed at \$135,200 and a \$175,000 addition has since been built. It is estimated that 70,000 cars were insured with the company.

It is understood that the American

States of Indianapolis will appoint Parrish, Roskam & Keller general agents. President D. R. Galhahue of the American States of Indianapolis is in Detroit in connection with the Republic Auto case.

Draft Definite Principles to End Encroachment Evil

(CONTINUED FROM PAGE 36)

can cover a multitude of sins in respect to covering risks for a long time in a fixed location.

One of the main purposes of the meetings is to attempt to define when specific coverages fall within the writing powers of marine companies as enumerated in section 150 of New York law.

Confidence was expressed by those who participated in the joint conference that an amicable arrangement soon would be reached. The principal cause of complaint of casualty men is that marine offices have been assuming burglary risks under forms and at rates which casualty companies could not meet. The latter are compelled to observe rating schedules which they file with the New York department, subject to severe penalties should they fail to do so. Marine companies, on the other hand, have been free to accept the business as they saw fit; their operations in this direction not being governed by any statute.

Question Dates Back

The irritation felt by the casualty underwriters against what they held to be the unwarranted and manifestly unfair encroachment by marine offices is not a new development, but dates back at least two years, when casualty companies complained to the then Superintendent Albert Conway. Matters were patched up and the department pigeonholed an amendment to the law to give the superintendent greater power to regulate marine companies.

In July, 1930, an agreement was signed by the two classes of carriers, but it proved to be wholly inadequate for the purpose of bringing about approximate equality between the two groups of carriers.

The situation was aggravated still further when the Inland Marine Underwriters Association just recently took jurisdiction over and approved the all-risk personal property floater contract, effective Dec. 14.

A leading casualty company executive addressed state departments, raising the pertinent query as to whether, if fire and marine companies were privileged to incorporate in their policies burglary and theft insurance, the same authority should not be granted casualty offices. As the chief executives of many fire and marine companies against whose practices the casualty underwriters complain, are likewise officials of subsidiary or allied casualty institutions, it is felt that the two groups should get together and compose what is an inter-company matter without having to appeal to supervising state authorities.

Casualty Notes

The Shelby Mutual Plate Glass & Casualty of Shelby, O., has been licensed in Oklahoma.

L. E. Derry, who has been branch manager for the Republic Automobile at Toledo, O., has established a general insurance agency of his own, with offices at 408 Second National Bank building.

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